



Utah Counties Insurance Pool

# AGENDA

**BOARD OF TRUSTEES MEETING**  
Tuesday, April 18, 2006, 6:00 p.m.  
La Quinta Inn, Sundance Room  
1464 S. University Ave. Provo

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6:00	Call to Order	Dan McConkie
	Report of Independent Audit	Geri Douglas Martha Hayes
6:30	Dinner Served	
	Review of Board Members Absent	Dan McConkie
	Approval of February 16 Meeting Minutes	Dan McConkie

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## ITEM INFORMATION

1	Investments Update	Robert Rich
2	Report on Efforts to Change State-Wide Disability Services Provider	Dan McConkie
3	Report Regarding County Health Departments	Lester Nixon
4	Update on Building Equity Negotiations	Lester Nixon
5	Chief Executive Officer's Report	Lester Nixon
6	Review First Quarter Financial Statements	Lester Nixon

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## ACTION

7	Appoint Chair of Law Enforcement Committee to Serve as UCIP Trustee	Dan McConkie
8	Approve Earthquake Study Proposal	Lester Nixon
9	Approve 2006 Coverage Agreement Endorsement for Boiler & Machinery	Lester Nixon
10	Approve Amended Records Retention Policy	Sonya White
11	Actions Regarding Building	Kent Sundberg
12	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Dan McConkie
13	Action on Litigation Matters	Kent Sundberg
14	Set Date and Time for Closed Meeting to Conduct a Strategy Session to Discuss the Sale of Real Property	
15	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
16	Ratification and Approval of Payments and Credit Card Transactions	Gene Roundy

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Other Business

Next Meeting





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## BOARD OF TRUSTEES MEETING

### M I N U T E S

April 18, 2006, 6:00 p.m.

La Quinta Inn, Provo, Utah

#### BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Kay Blackwell, Piute County Commissioner  
Jim Eardley, Washington County Commissioner  
Ira Hatch, Emery County Commissioner  
Karla Johnson, Kane County Clerk-Auditor  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

#### BOARD MEMBERS ABSENT

Ken Bischoff, Weber County Commissioner  
Jerry Grover, Utah County Commissioner

#### OTHERS PRESENT

Lester Nixon, Chief Executive Officer  
Sonya White, Manager of Administration  
Brody Parker, Safety Specialist  
Korby Siggard, Claims Manager  
Charmaine Green, Claims Specialist  
Shelley Peck, Administrative Assistant  
Trudy Stauffer, Alternative Service Concepts Claims Adjuster  
Donna Squires, Alternative Service Concepts Field Claims Manager  
Geri Douglas, Larson & Company Audit Partner  
Martha Hayes, Larson & Company Audit Manager  
Robert Rich, Wachovia Securities Associate Vice President

#### Call to Order

Dan McConkie called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 6:00 p.m. on April 18, 2006.

#### Report of Independent Audit

Geri Douglas and Martha Hayes, Independent Auditors of Larson & Company, reviewed the draft 2005 Auditors' Report with the Board (see attachment #1). The *Statement of Net Assets*, page 10, shows that cash has decreased due to monies invested; investments increased \$1,383,822 from the prior year. The *Notes to Basic Financial Statements*, page 17, shows the type of investments that the Pool records. Values are amortized showing the difference between book value and fair value. Since the Pool plans to hold investments to maturity, unrealized losses are booked. Martha explained that the prepaid expenses, page 10, of \$99,000 are the monies paid/loaned by the Multiline Pool to the Benefits Pool (Lester Nixon added that it may take up to three years for the Benefits Pool to repay these monies to the Multiline Pool). Total assets are at \$11,137,108, up from \$9,835,529 in 2004.

No building equity is including in the total assets because a settlement with the Utah Association of Counties has not been finalized as of December 31. In 2006 the settlement will be recorded as cash instead of an asset. Loss reserves of \$6,498,992 (current liabilities) are actuary analyzed estimates. *Revenues and Expenses* by line of business are listed on page 26. Losses and loss adjustment expenses of \$4,888,066 include paid claims and actuarial reserves. Paid claims alone are at approximately \$2,800,000. No amount was listed for the risk management program credit for the workers' compensation pool. Lester explained that although the premium credit was paid in 2006, this expense is for the 2005 program and asked Martha to include the expense in the final audit. The Board would also like the sub-heading *Benefits* to be changed to *Program Costs* on page 26. Change in net assets is the increase in reserves. On the page following page 11 (not numbered), *Statements of Cash Flows*, the net cash provided by operating activities include the actual losses minus reserves. The losses in 2003 and 2004 worried the actuaries who reserved losses at an increased level causing cash to decrease in 2005 from the prior year. Geri explained that no recommendations have been made to improve UCIP's compliance and internal control as reported on page 28. As required by the State of Utah, page 30 reports legal compliance. One instance of non-compliance found was that UCIP was over budget on loss reserves. It is difficult to budget for reserves when actuaries provide their numbers at the end of the year. Geri recommended that anytime during the year the Board finds they may go over budget, the budget should be revised. To increase control and reduce fraudulent check handling, Geri suggested that Larson & Company prepare accrual basis financial statements quarterly. All internal control recommendations made from the 2004 report have been met and practiced. Lester is working on Management's Discussion and Analysis for the final audit to be complete.

#### Review of Board Members Absent

Ken Bischoff requested to be excused from this meeting due to his attendance at a public hearing. Jerry Grover requested to be excused from this meeting due to a campaign commitment. Gene Roundy made a motion to excuse Ken Bischoff and Jerry Grover from this meeting. Steve Baker seconded the motion, which passed unanimously.

#### Approval of February 16 Meeting Minutes

The minutes of the Board of Trustees meeting held February 16, 2006 were previously sent to the Board of Trustees for review. Steve Wall made a motion to approve the February 16 meeting minutes, with Karla Johnson's name included under **Board Members Present**. Lynn Lemon seconded the motion, which passed unanimously.

#### Investments Update

Rob Rich of Wachovia Securities reviewed a publication by their Investment Strategy Department (see attachment #2) explaining that interest rates have increased 16 times in the last year. Therefore, Wachovia is raising its ten-year Treasury yield range to 4.5-5.5%. There is a buying opportunity for short-term (less than one year) investments. Agency notes are at a rate of 6%. Rob reviewed UCIP's current portfolio, placed with Wachovia, with the Board (see attachment #3). Total principal scheduled is \$6,201,000. Estimated income in the next 12 months is \$212,860. Rob explained that unlike the auditors, where unrealized losses are booked, Wachovia projects that interest rates will increase. UCIP's income is inflated if investments are held to maturity. Only if a bond is called would UCIP actually realize a loss. The average current yield is at 3.5%, which has been the same for the last three years. This is due to bonds maturing and not being reinvested; as advised for the recent needs of the Pool. The Pool may want to reinvest maturing bonds, as listed in the schedule, since rates are at 5-6% for two or more year investments. The majority of UCIP's investments are callable (agency bonds with a credit rating of Triple A) so that they can be reinvested at a higher rate. If the Pool wants to invest more monies, Rob will look at one to two years duration either callable or non-callable depending on the rate.

#### Report on Efforts to Change State-Wide Disability Services Provider

As directed by the Board at its February 16 meeting, Dan McConkie and Lester Nixon reported that they have initiated meetings with Lt. Governor Gary Herbert and UCIP attorney, Frank Mylar, to draft legislation regarding the authority of the Disability Law Center.



### Report Regarding County Health Departments

As directed by the Board at its February 16 meeting, Lester Nixon reported that the current UCIP policy reads, "County health departments and multi-county health departments are eligible for coverage, either through the member county or as a separate, non-voting insured, provided the organization of the health department is established under Title 26A of the Utah Code". This policy was adopted on January 15, 2004 to clarify the intent of the Board to provide coverage to local health departments following a decision by the State to discontinue providing coverage. In 2004, UCIP did not have a Workers' Compensation program. There are two types of health departments: county and multi-county (see attachment #4). The primary difference is that the multi-county is created by an interlocal agreement entered into by the forming counties. Each participating county appoints its board members and may remove them for cause prior to the expiration of the appointed term. Lester explained that covering the health departments for workers' compensation is not much different than covering them for liability. If the payroll for health departments and/or special service districts is being reported to UCIP from the county for the workers' compensation program, they are being covered. Karla Johnson requested that a letter to that effect be sent to her. Staff will send a letter to all members explaining that special districts that do not qualify under the policy statement should not be reported at renewal.

### Update on Building Equity Negotiations

Lester Nixon requested that discussions on building equity be deferred until item 14, *Set Date and Time for Closed Meeting to Conduct a Strategy Session to Discuss the Sale of Real Property*.

### Chief Executive Officer's Report

Lester Nixon provided the Board with a written report (see attachment #5). Upcoming Board training opportunities are PRIMA, June 11-14, in Nevada and AGRIP, October 9-11, in New York. The Litigation Management Committee met on April 12. Training provided by UCIP was well attended and continues to get better each year—Facilities Management Conference (February 23), Planning and Zoning Conference (April 6), Insurance Coordinator's Workshop (April 18) and the Personnel Workshop is scheduled for May 18-19. A health insurance proposal was delivered to Emery County who is considering the proposal for their July 1 renewal.

Lester reviewed the Workers' Compensation claims report with the Board (see attachment #6). For the month ending March 2006, the Pool has 61 open medical claims and five open indemnity claims. Gross claims development through the first three months of 2006 is \$120,685. For all years the Pool has 109 medical claims and 37 open indemnity claims. Total incurred is \$2,200,000 for a 73% loss ratio. The Board will review all claims over \$25,000 in closed session.

Lester reviewed the Multiline claims report with the Board (see attachment #7). For the month ending March 2006, the Pool has incurred losses totaling \$251,643 for a loss ratio of 24%. For all years the Pool currently has 168 open claims (31 open in 2006). Incurred for all open claims is \$4,700,000. The Board will review all claims over \$25,000 in closed session.

Lester reported that SB113 requires a study to create a catastrophe fund for local governments. Utah pools, several self-insured cities and Salt Lake County met on April 11 and 12 to prepare for and meet with the new State Risk Manager, who is responsible for coordinating the study and getting it to the interim committee by July 1. The recommendations discussed are: 1) create a statewide uniform levy to fund the catastrophe fund (one-tenth of one million would generate \$2.8 million); 2) use the State's Board of Examiners to adjudicate claims; and 3) a catastrophe fund should provide for equity and limit attorney fees. Monies will most likely be held at the Public Treasurers Investment Fund. The new limits under SB113 are \$2,000,000 aggregate, \$500,000 per claim. Senator Brad Dee did a great service to local governments on SB113 during the session. UCIP spent approximately \$1,500 on lobbying efforts during the 2006 Legislative Session (SB113, SB170, and HB9). Last year UCIP paid the Utah Association of Counties \$10,000.

Lester explained that County Reinsurance Limited has been studying the possibility of adding property reinsurance to their list of programs. Lester sits on the committee considering this option. At CRL's spring meeting, May 3-5, the board will finally decide whether or not to offer property reinsurance.

#### Review First Quarter Financial Statements

Lester Nixon reviewed the unaudited, in-house prepared, Financial Statement for the first quarter of 2006 with the Board (see attachment #8). Account balances arising from cash transactions are detailed on the *Balance Sheet*. Assets, including current, fixed and investments total \$13,325,574 balancing with the current liabilities and equity. The budget to actual comparisons for the Multiline, Workers' Compensation, Administration, and Employee Benefits Pools are in-line with the year 25% complete. Lynn Lemon would like Larson & Company to provide a comparison of accrual versus cash and explain why there is such a difference. Lester will schedule them for the June Board meeting.

#### Appoint Chair of the Law Enforcement Committee to Serve as UCIP Trustee

Dan McConkie explained that the Sheriff's Association has submitted two names for the Board's consideration for the appointment of the Law Enforcement Committee Chair: Jim Nyland, Grand County Sheriff and Brad Slater, Weber County Sheriff. Since County Sheriffs are so busy, Dan recommended that the Board appoint Sheriff Slater as Chair and Sheriff Nyland as Vice-Chair to split the time commitment as a Trustee on the Board. Lynn Lemon said that by appointing Sheriff Nyland, another county would be represented on the Board. Kent Sundberg made a motion to defer discussion until item 15, *Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, Physical/Mental Health of an Individual*.

#### Approve Earthquake Study Proposal

Lester Nixon explained that UCIP currently purchases \$25,000,000 in earthquake coverage. There is no real justification for this amount. Three companies (RMS, AIR Worldwide and EQECAT), that model earthquake exposure, have been contacted to provide a proposal. The study would be used to: 1) quantify and project UCIP's exposure to earthquake; 2) provide and quantify the exposure by member; and 3) help select an appropriate amount of earthquake coverage. Quotes have been received from AIR and EQECAT (see attachment #9). AIR has confirmed that they will deliver all the requirements of the study for one-third the cost of EQECAT at \$15,000. Gene Roundy made a motion to accept the earthquake study proposal by AIR at \$15,000. Karla Johnson seconded the motion, which passed unanimously. The study will take four to six weeks to complete.

#### Approve 2006 Coverage Agreement Endorsement for Boiler & Machinery

Lester Nixon reported that the 2006 carrier, Affiliated FM, includes Boiler & Machinery coverage as part of the property coverage instead of under separate policy by a separate carrier, as was the case in 2005. A draft endorsement to the 2006 Coverage Agreement was reviewed with the Board (see attachment #10). Limits for Boiler & Machinery are the same as the property limits. Karla Johnson made a motion to approve Endorsement No. 13 as written. Lynn Lemon seconded the motion, which passed unanimously.

#### Approve Amended Records Retention Policy

Sonya White explained that specific language must be included in the Records Retention Policy in order for UCIP to transfer its historical files to the State Records Center. Sonya reviewed the proposed amendments to the Policy with the Board (see attachment #11). Steve Wall made a motion to approve the amended Records Retention policy as presented. Gene Roundy seconded the motion, which passed unanimously.

#### Actions Regarding Building

Kent Sundberg requested that discussions on the building equity be deferred until item 14, *Set Date and Time for Closed Meeting to Conduct a Strategy Session to Discuss the Sale of Real Property*.

#### Set Date and Time for Closed Meeting

Kay Blackwell made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for April 18, 2006 at 9:00 p.m. Lynn Lemon seconded the motion, which passed unanimously. Jim Eardley was excused from the discussion.

Gene Roundy made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on April 18, 2006 at 9:25 p.m. Kay Blackwell seconded the motion, which passed unanimously.

#### Action on Litigation Matters

Kent Sundberg made a motion authorizing settlement up to an amount of \$150,000 in the matter of RIC9908675. Steve Wall seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing settlement up to an amount of \$125,000 in the matter of GRA03088130. Gene Roundy seconded the motion, which passed unanimously.

Kent Sundberg made a motion authorizing settlement in the amount of \$40,000 in the matter of WAS00087990 and \$40,000 in the matter of WAS00088160. Steve Baker seconded the motion, which passed; Jim Eardley abstaining.

#### Set Date and Time for Closed Meeting

Steve Wall made a motion to set the date and time of a closed meeting to discuss the sale of real property for April 18, 2006 at 9:28 p.m. Kay Blackwell seconded the motion, which passed unanimously.

Ira Hatch made a motion to conclude the closed meeting to discuss the sale of real property on April 18, 2006 at 9:48 p.m. Gene Roundy seconded the motion, which passed unanimously.

#### Actions Regarding Building

Lynn Lemon made a motion to settle building equity negotiations with the Utah Association of Counties within 15 days of the closing of the sale of the adjacent property in the amount of \$190,000 with all claims released mutually. Karla Johnson seconded the motion which passed; Kent Sundberg opposing.

#### Set Date and Time for Closed Meeting

Kay Blackwell made a motion to set the date and time of a closed meeting to discuss the character, professional competence, physical/mental health of an individual for April 18, 2006 at 9:50 p.m. Steve Baker seconded the motion, which passed unanimously.

Jim Eardley made a motion to conclude the closed meeting to discuss the character, professional competence, physical/mental health of an individual on April 18, 2006 at 10:15 p.m. Kay Blackwell seconded the motion, which passed unanimously.

#### Actions Regarding Personnel

Karla Johnson made a motion approving the employ of personnel for the Benefits Pool. Gene Roundy seconded the motion, which passed unanimously.

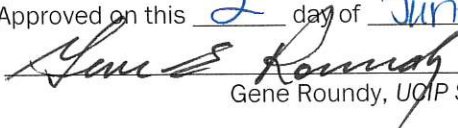
Ira Hatch made a motion to appoint Sheriff Jim Nyland, Grand County, as the Chair of the Law Enforcement Committee. Jim Eardley seconded the motion, which passed unanimously.

#### Ratification and Approval of Payments and Credit Card Transactions

Gene Roundy reviewed the payments made, payments to be made (see attachment #12) and credit card transactions with the Board. Gene Roundy made a motion to approve the payments made, payments to be made and credit card transactions. Kay Blackwell seconded the motion, which passed unanimously.

#### Other Business

The Board Retreat is scheduled for June 1-2, 2006 at the Stillwater Lodge, Jordanelle. The Board Meeting will be held at 12:00 p.m. on June 2.

Approved on this 2 day of June 2006  
  
Gene Roundy, UCIP Secretary-Treasurer





# **UTAH COUNTIES INSURANCE POOL**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2005 and 2004

# UTAH COUNTIES INSURANCE POOL

## CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	3
<b>Management's Discussion and Analysis</b> .....	4-9
<b>Basic Financial Statements:</b>	
Statements of Net Assets .....	10
Statements of Revenues, Expenses, and Changes in Net Assets .....	11
Statements of Cash Flows .....	12
<b>Notes to Basic Financial Statements</b> .....	13-21
<b>Required Supplementary Information:</b>	
Premiums and Loss Development Information .....	23
<b>Supplementary Information:</b>	
Statement of Net Assets by Lines of Business .....	25
Statement of Revenues, Expenses, and Changes in Net Assets By Lines of Business .....	26
<b>Other Independent Auditors' Reports for the Year     Ended December 31, 2005 on:</b>	
Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	28-29
Compliance with the State of Utah Legal Compliance Guidelines .....	30-31

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
**Utah Counties Insurance Pool**

We have audited the accompanying basic financial statements of **Utah Counties Insurance Pool** as of December 31, 2005 and 2004, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Pool's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. The Pool is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Counties Insurance Pool** as of December 31, 2005 and 2004, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statement and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No 38, *Certain Financial Statement Note Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompany table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Pool, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2006, on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Sandy, Utah  
March 20, 2006

## **UTAH COUNTIES INSURANCE POOL**

### **Management's Discussion and Analysis**

December 31, 2005

#### **COMPANY BACKGROUND**

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an interlocal entity formed under section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the interlocal agreement that creates UCIP. All of the Pool's business activities are conducted in the State of Utah.

#### **2005 Environment**

During the first three quarters of 2005 the insurance industry continued a loosening trend of underwriting restrictions that had been building since 1999. However, as the hurricane season dealt unprecedented destruction to the United States, property underwriters started to tighten their belts in the last quarter of calendar 2005. UCIP placed its property coverage at favorable rates by extensively marketing its placement. UCIP continues placing its liability reinsurance and workers' compensation coverage through the alternative market facility of County Reinsurance Limited, a Vermont-domiciled captive reinsurer that was formed under the auspices of the National Association of Counties. UCIP is also an equity holder of CRL, along with similar programs from fourteen other states.

UCIP will begin an Employee Benefits Pool, effective January 1, 2006. The Benefits Pool is expected to be self-sufficient. UCIP has no exposure associated with the endeavor, as the Public Employees Health Plan is the risk bearer.

#### **Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Pool's finances, in a manner similar to private-sector business.

The statements of net assets present information on all of the Pool's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Pool is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicates an improved financial position.

The statements of revenues and expenses and changes in net assets present information showing how UCIP's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. The revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.



**UTAH COUNTIES INSURANCE POOL**  
Management's Discussion and Analysis  
December 31, 2005

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The following discussion of the current financial position and condition of the Pool by management is intended to supplement the basic financial statements and notes to the basic financial statements.

**FINANCIAL POSITION**

**Assets**

Total assets at the end of 2005 were \$11,137,108, an increase of \$1,301,579 over 2004.

The Pool maintains a conservative investment policy. As a public entity, the Pool must adhere to the Utah Money Management Act. The UCIP Board of Trustees has also adopted an investment policy that is monitored by both the Board and the Board's Audit Committee. All securities must be issued to the Pool and held in our safe keeping account. Securities may not be held in brokerage accounts for any public agency governed by the Utah Money Management Act. The Pool does not invest in common stocks or mortgages.

Short-term investments are on deposit with the Utah Public Treasurer's Investment Fund and are available on a daily basis to meet claims and expenses.

Premium income has historically covered the Pool's needs for cash to pay claims and expenses. Management expects the positive cash flow to continue.

**Liabilities**

Total liabilities at the end of 2005 were \$7,846,594.

Aggregate reserves for losses and loss adjustment expenses are \$6,498,992, an increase over last year of \$1,958,017. Much of the increase is due to adverse development in liability claims experience in 2003 and 2004. Reserves and IBNR are developed by the Pool's actuary and are at an expected confidence level. Administrative expenses overall increased to provide for resources needed to process claims and provide administrative services.

## UTAH COUNTIES INSURANCE POOL

Management's Discussion and Analysis  
December 31, 2005

### Net Assets

Net assets at December 31, 2005 were \$3,290,514 as compared to \$4,569,465 at the end of 2004. The decline in net assets tracks the increase in reserves.

### Condensed Statement of Net Assets

	2005	2004	Net Change
<b>Assets:</b>			
Current and other assets	\$ 11,051,713	\$ 9,748,941	\$ 1,302,772
Capital assets	85,395	86,588	(1,193)
<b>Total assets</b>	<b>\$ 11,137,108</b>	<b>\$ 9,835,529</b>	<b>\$ 1,301,579</b>
<b>Liabilities:</b>			
Current and other liabilities	\$ 7,846,594	\$ 5,266,064	\$ 2,580,530
Long-term liabilities	-	-	-
<b>Total liabilities</b>	<b>7,846,594</b>	<b>5,266,064</b>	<b>2,580,530</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	85,395	86,588	(1,193)
Restricted	129,564	139,996	(10,432)
Unrestricted	3,075,555	4,342,881	(1,267,326)
<b>Total net assets</b>	<b>3,290,514</b>	<b>4,569,465</b>	<b>(1,278,951)</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,137,108</b>	<b>\$ 9,835,529</b>	<b>\$ 1,301,579</b>

The Pool purchases specific reinsurance as a way to spread its risk and conserve assets to pay single claims that exceed a specific dollar value. For 2005 covered liability claims that exceed \$250,000 and Workers' Compensation claims exceeding \$300,000 are reinsured by County Reinsurance Limited. Covered property and crime claims that exceed \$250,000 are reinsured by Affiliated FM for property and CNA for crime.

**UTAH COUNTIES INSURANCE POOL**  
Management's Discussion and Analysis  
December 31, 2005

**RESULTS OF OPERATIONS**

**Revenues**

Revenue increased \$985,398, to approximately \$6.3 million in 2005. The increase is attributable to exposure increases of existing members, increased investment earnings, and rate increases and the addition of participants in the Workers' Compensation Program. Workers' Compensation earned about \$1,600,000 in premium in 2005, an increase of 75% over 2004. The Multiline program has not increased rates in four years.

**Condensed Statement of Revenues**

<b>Revenues:</b>	<b>2005</b>	<b>2004</b>	<b>Net Change</b>
Premiums and other considerations	\$ 5,869,005	\$ 5,101,311	\$ 767,694
Investment income	489,849	300,597	189,252
Realized loss on investments	(13,188)	(42,455)	29,267
Other income	8,800	9,615	(815)
<b>Total revenues</b>	<b>\$ 6,354,466</b>	<b>\$ 5,369,068</b>	<b>\$ 985,398</b>

**Benefits and Expenses**

Losses and loss adjustment expenses increased in part due to claims paid through the workers' compensation program. Reinsurance expenses have decreased for Multiline. Workers Compensation costs have increased due to rate increases and new participants. Increases in administration expenses include the expense of a third party administrator for workers' compensation and overall increases in benefit costs for staff.

**Condensed Statement of Expenses**

<b>Expenses:</b>	<b>2005</b>	<b>2004</b>	<b>Net Change</b>
Losses and loss adjustment expenses	\$ 6,325,882	\$ 5,333,274	\$ 992,608
Other operating expenses	1,307,535	1,262,135	45,400
<b>Total expenses</b>	<b>\$ 7,633,417</b>	<b>\$ 6,595,409</b>	<b>\$ 1,038,008</b>

## **UTAH COUNTIES INSURANCE POOL**

Management's Discussion and Analysis  
December 31, 2005

### **Investments**

During 2005, the Pool moved to increase returns on short term investments by increasing and diversifying the amount of cash invested in overnight and up to 30 day investments. Investment income increased 63% in 2005, going from \$300,597 to \$489,849. Investment income effectively works to decrease the cost of coverage to members. Obtaining the best rate of return, while retaining necessary liquidity and maintaining security, is the Pool's investment goal.

### **Change in Net Assets**

Change in net assets for 2005 was a decrease of \$1,278,951. The decrease was due to increased reserve requirements.

Claims are expected to continue to grow in line with the risk associated with the property and liability and Workers' Compensation business. Increased risk management efforts can offset increases in claims, but the occasional adverse year can and will occur.

### **CASH FLOW AND LIQUIDITY**

#### **Liquidity**

All of the Pool's assets are invested to maintain necessary liquidity. Immediate and near-term cash needs are invested with the Public Treasurer's Investment Fund. Assets that can be invested for a longer time period, thereby yielding a higher return, are "laddered" so that investments mature as needed.

Currently the book value of the Pool's portfolio is \$10,855,327 as reported in the accompanying basic financial statements.

#### **Cash Flow**

The Pool's primary sources of funds are premium income and investment income. The primary uses of funds are claims and general expenses.

There are no known demands for cash that will likely cause material changes in the cash flow pattern.

### **Expected Trends**

The budget for the year 2006 has been approved by the Board of Trustees and reflects no change in net assets. Total revenue is budgeted to increase 6% over 2005. This figure reflects no overall increase in the multiline program and expected premium increases from a third year of operating the workers compensation program. Total benefits and expenses are budgeted to balance with revenues.



## **UTAH COUNTIES INSURANCE POOL**

Management's Discussion and Analysis  
December 31, 2005

### **Board Policies and Management Practices**

The Board of Trustees of the Pool currently requires that audits, conducted by independent outside firms, be performed on an annual basis. The 2005 audit schedule included an actuarial loss reserve analysis, an actuarial contribution study, and a financial audit.

### **Opinion**

The preceding Management's Discussion and Analysis provides an assessment of the financial position, results of operations, and cash flow and liquidity for the fiscal year ended December 31, 2005, as reported in the 2005 Annual Report. Representations made herein are those of management according to the best of their knowledge and belief.

This financial report is designed to provide a general overview of the Pool's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Utah Counties Insurance Pool, P.O. Box 760, Midvale, UT 84047.

Dated: April 17, 2006



**Lester J. Nixon, CPCU**  
Chief Executive Officer

# UTAH COUNTIES INSURANCE POOL

## Statement of Net Assets December 31, 2005 and 2004

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,461,768	\$ 1,643,772
Accounts receivable	18,183	23,499
Accrued investment income	79,203	71,933
Prepaid expenses	99,000	-
<b>Total current assets</b>	<b>1,658,154</b>	<b>1,739,204</b>
<b>Investments</b>	<b>9,393,559</b>	<b>8,009,737</b>
<b>Capital assets</b> , net of accumulated depreciation of \$41,171 and \$15,188, respectively	<b>85,395</b>	<b>86,588</b>
<b>Total assets</b>	<b>\$ 11,137,108</b>	<b>\$ 9,835,529</b>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>Current liabilities:</b>		
Reserves for losses and loss adjustment expenses	\$ 6,498,992	\$ 4,540,975
Accounts payable	110,101	149,143
Payroll liabilities	11,525	18,458
Compensated absences payable	35,166	24,510
Premiums paid in advance	1,176,919	506,827
<b>Total current liabilities</b>	<b>7,832,703</b>	<b>5,239,913</b>
<b>Building related payables</b>	<b>13,891</b>	<b>26,151</b>
<b>Total liabilities</b>	<b>7,846,594</b>	<b>5,266,064</b>
<b>Net assets:</b>		
Invested in capital assets	85,395	86,588
Restricted for:		
Auto	15,094	48,420
Building debt service	86,300	69,040
Building repairs and maintenance	28,170	22,536
Unrestricted	3,075,555	4,342,881
<b>Total net assets</b>	<b>3,290,514</b>	<b>4,569,465</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,137,108</b>	<b>\$ 9,835,529</b>

The accompanying notes to financial statements  
are an integral part of these statements.

**UTAH COUNTIES INSURANCE POOL**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**For the Years Ended December 31, 2005 and 2004**

	2005	2004
<b>Operating income:</b>		
Premiums and other considerations	\$ 5,869,005	\$ 5,101,311
Investment income	489,849	300,597
Realized loss on investments	(13,188)	(42,455)
Miscellaneous income	8,800	9,615
<b>Total income</b>	<b>6,354,466</b>	<b>5,369,068</b>
<b>Benefits:</b>		
Losses and loss adjustment expenses	4,888,066	3,876,774
Reinsurance expense	1,281,267	1,456,500
Risk management program credit	156,549	-
<b>Total benefits</b>	<b>6,325,882</b>	<b>5,333,274</b>
<b>Administration expenses:</b>		
Accounting	13,513	18,870
Actuary	16,000	18,635
Auto	11,023	6,758
Bank expense	51	166
Brokerage expense	-	105,000
Board expense	40,875	38,700
Bonding	37,500	37,500
Building	17,156	23,501
Consulting	60,000	-
Copying	1,611	1,174
Depreciation	25,983	14,916
Dues and subscriptions	5,297	4,175
Exhibitions and sponsorships	12,744	6,338
Information technology	16,864	13,685
Insurance	5,492	1,659
Land Use Hotline Program	1,359	-
Lease purchase (debt service)	58,703	81,241
Licenses & permits	650	1,850
Lobbying & legislative tracking	10,000	10,025
Loss control - training	32,087	29,198
Office equipment	1,232	553
Office supplies	8,306	7,331
Pass-through premium	45,669	16,414
Postage	3,135	2,854
Premium credits and incentives	5,616	6,751
Premium taxes	20,046	90,667
Printing	1,436	1,743
Professional fees	33,920	21,968
Spoiled checks	-	(547)
Staff expenses	620,960	528,032
Telephone	6,143	5,769
TPA WC	194,164	167,209
<b>Total administration expenses</b>	<b>1,307,535</b>	<b>1,262,135</b>
<b>Total operating expenses</b>	<b>7,633,417</b>	<b>6,595,409</b>
<b>Change in net assets</b>	<b>(1,278,951)</b>	<b>(1,226,341)</b>
Net assets, beginning of year	4,569,465	5,795,806
<b>Net assets, end of year</b>	<b>\$ 3,290,514</b>	<b>\$ 4,569,465</b>

The accompanying notes to financial statements are an integral part of these statements.

**UTAH COUNTIES INSURANCE POOL**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities:</b>		
Premiums collected	\$ 6,382,548	\$ 5,010,173
Reinsurance paid	(1,281,267)	(1,456,500)
Amounts withheld for others	14,116	(12,456)
Losses and loss adjustment expenses paid	(2,930,049)	(2,702,876)
Administrative expenses paid	(1,428,131)	(1,098,272)
<b>Net cash provided (used) by operating activities</b>	<u>757,217</u>	<u>(259,931)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(24,791)</u>	<u>(96,090)</u>
<b>Net cash used by capital and related financing activities</b>	<u>(24,791)</u>	<u>(96,090)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(3,586,409)	(3,585,033)
Proceeds from sale of investments	2,342,137	4,291,362
Interest on investments	<u>329,842</u>	<u>318,859</u>
<b>Net cash provided (used) by investing activities</b>	<u>(914,430)</u>	<u>1,025,188</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(182,004)	669,167
Cash and cash equivalents at beginning of period	<u>1,643,772</u>	<u>974,605</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 1,461,768</u></u>	<u><u>\$ 1,643,772</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.



	<u>2005</u>	<u>2004</u>
<b>Reconciliation of change in net assets to net cash used in operating activities:</b>		
Change in net assets	\$ (1,278,951)	\$ (1,226,341)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation	25,983	14,916
Interest received on investments	(329,842)	(318,859)
Amortization of investments	3,742	6,677
Increase in equity in CRL	(156,479)	-
Realized loss on sale of investments	13,188	42,455
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in accounts receivable	5,316	(21,801)
(Increase) decrease in accrued investment income	(7,270)	11,585
Increase in prepaid expenses	(99,000)	-
Increase in reserves for loss and loss adjustment expenses	1,958,017	1,173,898
Decrease in pass through premium	-	(270)
Increase (decrease) in accounts payable	(39,042)	132,525
Increase (decrease) in payroll liabilities	(6,933)	4,966
Increase in compensated absences	10,656	1,549
Increase (decrease) in premiums paid in advance	670,092	(91,138)
Increase (decrease) in building related payable	(12,260)	9,907
<b>Total adjustments</b>	<u>2,036,168</u>	<u>966,410</u>
<b>Net cash flows used by operating activities</b>	<u>\$ 757,217</u>	<u>\$ (259,931)</u>

# UTAH COUNTIES INSURANCE POOL

## Notes to Basic Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an interlocal entity formed under section 11.13.101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the interlocal agreement that creates UCIP. The Pool started insuring workers compensation insurance effective January 1, 2004. All of the Pool's business activities are conducted in the State of Utah.

#### Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial statement and Management's Discussion and Analysis - For State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared required supplementary information titled 'Managements' Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

#### Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

The Pool invests in various investment securities which, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

**Income Taxes**

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

**Premiums**

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund, money market funds, and cash on deposit are considered to be cash equivalents.

**Investments**

Investments are comprised of various U.S. Government securities, certificates of deposit and investment in CRL.

Investments in U.S. Government securities as of December 31, 2005 and 2004 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments (Continued)**

The investment in CRL is valued using the equity method of accounting. Under the equity method, the Pool recognizes its share in the net earnings or losses of the company as they occur rather than as dividends are received.

**Capital Assets**

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from 3 to 5 years. Depreciation expense for the years ended December 31, 2005 and 2004 amounted to **\$25,983** and \$14,916, respectively.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

**Compensated Absences**

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

**Reserves for Losses and Loss Adjustment Expenses**

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Listed below is a summary of the cash and investment portfolios as of December 31, 2005 and 2004. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes.

**Cash and cash equivalents**

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is **\$707,574** and **\$112,047**, as of December 31, 2005 and 2004, respectively. The corresponding bank balance of the deposits was **\$725,771** and **\$219,535** as of December 31, 2005 and 2004, respectively. As of December 31, 2005 and 2004, **\$100,000** and **\$100,000** of the Pools cash on deposit was insured by the FDIC.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2005 and 2004, the Pool had amounts over FDIC insurance of **\$625,771** and **\$119,534**.

As of December 31, 2005 and 2004, the Pool's cash and cash equivalents and investments included the following:

	<u>2005</u>	<u>2004</u>
Cash on deposit	\$ 682,030	\$ 112,048
Money market funds	377,749	433,111
Utah Public Treasurer's Investment Fund - held by the Trust	<u>401,989</u>	<u>1,098,613</u>
<b>Total cash and cash equivalents</b>	<b>1,461,768</b>	<b>1,643,772</b>
 Deposit - U.S. governments securities held jointly with the State of Utah	 1,114,058	 1,113,443
Certificates of deposit	305,000	-
Investments - U.S. government securities	7,533,368	6,694,587
Equity investments	<u>441,133</u>	<u>201,707</u>
 <b>Total cash and cash equivalents and investments</b>	 <b><u>\$ 10,855,327</u></b>	 <b><u>\$ 9,653,509</u></b>



**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Investments**

The Pool records its investments in U.S. Treasuries and U.S Agencies at amortized cost. The differences between book value and fair value as of December 31, 2005 and 2004 are as follows:

	2005				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Certificates of deposit	\$ 305,000	\$ -	\$ 211	\$ 304,789	\$ 305,000
Government bonds	7,747,426	6,043	168,964	7,584,505	7,747,426
Equity investments	284,654	156,479	-	441,133	441,133
Government preferred	900,000	-	-	900,000	900,000
Total investments	<u>\$ 9,237,080</u>	<u>\$ 162,522</u>	<u>\$ 169,175</u>	<u>\$ 9,230,427</u>	<u>\$ 9,393,559</u>

	2004				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Government bonds	\$ 7,808,030	\$ 6,933	\$ 80,761	\$ 7,734,202	\$ 7,808,030
Equity investments	201,707	-	-	201,707	201,707
Total investments	<u>\$ 8,009,737</u>	<u>\$ 6,933</u>	<u>\$ 80,761</u>	<u>\$ 7,935,909</u>	<u>\$ 8,009,737</u>

The schedule below provides information about the credit risk, interest rate risk, credit rate risk, and concentration of credit risk associated with the Pool's investments as of December 31, 2005 and 2004.

	2005				
	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Investment type:					
as of December 31, 2005:					
Certificates of deposit	\$ 304,789	\$ 304,789	\$ -	\$ -	\$ -
U.S. Agencies	7,584,505	2,334,881	3,983,246	1,266,378	-
Equity investment in CRL	441,133	-	-	-	441,133
U.S. Government preferreds	900,000	-	-	-	900,000
Total investments	<u>\$ 9,230,427</u>	<u>\$ 2,639,670</u>	<u>\$ 3,983,246</u>	<u>\$ 1,266,378</u>	<u>\$ 1,341,133</u>

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

	2004				
	Investment Maturities (in Years)				Fair Value
	Less Than 1	1-5	6-10	More Than 10	
Investment type:					
as of December 31, 2004:					
U.S. Agencies	\$ 293,681	\$ 5,476,067	\$ 1,964,454	\$ -	\$ 7,734,202
Equity investment in CRL	\$ -	\$ -	\$ -	\$ 201,707	\$ 201,707
Total investments	\$ 293,681	\$ 5,476,067	\$ 1,964,454	\$ 201,707	\$ 7,935,909

**Interest Rate Risk**

In accordance with the Pool investment policy, the Pool manages its exposure to declines in fair value by laddering the maturities of its securities.

**Credit Rate Risk**

It is the Pool's policy to limit its investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" (S&P) or equivalent minimum rating. The Pool's investments in bonds were rated "AAA" by Standard & Poor's and Fitch Ratings, and "Aaa" by Moody's Investors Service.

**Concentration of Credit Risk**

The Pool's investment policy is that investment in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20% of the total assets of UCIP's investments.

**3. INTEREST RATES**

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 4.15% and 2.34% for the years ended December 31, 2005 and 2004, respectively.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**4. CAPITAL ASSETS**

The capital assets and related accumulated depreciation of the Pool are:

	2005			
	Beginning Balance	Capital Acquisitions	Dispositions	Ending Balance
Capital assets	\$ 101,775	\$ 24,791	\$ -	\$ 126,566

	2005			
	Beginning Balance	Depreciation Expense	Dispositions	Ending Balance
Accumulated depreciation	\$ 15,188	\$ 25,983	\$ -	\$ 41,171

	2004			
	Beginning Balance	Capital Acquisitions	Dispositions	Ending Balance
Capital assets	\$ 5,685	\$ 96,090	\$ -	\$ 101,775

	2004			
	Beginning Balance	Depreciation Expense	Dispositions	Ending Balance
Accumulated depreciation	\$ 272	\$ 14,916	\$ -	\$ 15,188

**5. RELATED PARTY TRANSACTIONS**

The Pool pays UAC quarterly for building maintenance, office supplies, DSL lines, etc. The Pool paid UAC **\$54,947** and \$56,270 for these services for the year ended December 31, 2005 and 2004, respectively.

Amounts payable to UAC as of December 31, 2005 and 2004 amounted to **\$18,042** and \$25,141, respectively for third and fourth quarter fees and interest on the building.

Both the Pool and UAC have agreed that the Pool has an equity interest in the building, but no formal agreement has been signed as to the specifics of the Pool's equity interest in the building.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**6. CONTINGENCIES**

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

**7. REINSURANCE**

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention.

Effective 2004, the Pool has purchased reinsurance for its workers compensation insurance in excess of a \$300,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

**Unsecured Reinsurance Recoverables**

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Pool's policyholder surplus.

**Reinsurance Recoverable in Dispute**

The Company does not have any disputed balances or uncollectible funds.

**8. RETIREMENT PLAN**

The retirement plan for employees of the Pool is funded by the Pool. The employees are covered under multiple-employer, public employee retirement systems administered by the State Retirement System. This plan is noncontributory and includes a 401(k) plan. The Pool contributes 9.62% and 8.54% of employee's salaries under the plans. The Pool's employees are also covered under a 457 plan for which the Pool contributes 4.3% of employee's salaries.

The total retirement expense for the Pool for the year ended December 31, 2005 and 2004 was **\$94,539** and **\$71,318**, respectively.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Basic Financial Statements

**9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES**

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by approximately **\$555,000** and \$509,000 in 2005 and 2004, respectively, as a result of reestimation of unpaid losses and loss adjustment expenses. This change is generally the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

	<u>2005</u>	<u>2004</u>
<b>Balance at January 1 (in thousands)</b>	<b>\$ 4,541</b>	<b>\$ 3,367</b>
<b>Incurred, related to:</b>		
Current year	4,474	3,573
Prior year	555	509
<b>Total incurred</b>	<b>5,029</b>	<b>4,082</b>
<b>Paid, related to:</b>		
Current year	1,383	1,104
Prior year	1,689	1,804
<b>Total paid</b>	<b>3,072</b>	<b>2,908</b>
<b>Balance at December 31</b>	<b>\$ 6,498</b>	<b>\$ 4,541</b>



**REQUIRED SUPPLEMENTARY INFORMATION**

## UTAH COUNTIES INSURANCE POOL

### Premiums and Loss Development Information

The following table compares the Pool's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Pool. The table is defined as follows: (1) show each year's net earned premiums, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) show incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Pool information is only available in the format shown below for the years presented.

(in thousands)	1998	1999	2000	2001	2002	2003	2004	2005
(1) Earned premiums, other operating revenues and investment revenues, net of reinsurance	2,760	2,652	2,891	2,787	2,768	2,803	3,912	5,073
(2) Unallocated expense	215	253	224	224	233	242	-	-
(3) Estimated incurred claims, both paid and accrued, end of accident year	1,558	1,530	1,580	1,715	1,905	2,304	3,495	4,334
(4) Paid (cumulative) as of:								
End of accident year	592	480	334	504	511	661	1,104	1,383
One year later	740	744	468	964	910	1,190	1,786	-
Two years later	890	931	583	1,264	1,224	1,561	-	-
Three years later	1,175	1,024	788	1,588	1,406	-	-	-
Four years later	1,276	1,302	1,049	1,715	-	-	-	-
Five years later	1,225	1,422	-	-	-	-	-	-
Six years later	1,308	1,495	-	-	-	-	-	-
Seven years later	1,335	-	-	-	-	-	-	-
(5) Reestimated incurred losses and expenses:								
End of accident year	1,558	1,530	1,581	1,714	1,905	2,304	3,495	4,334
One year later	1,558	1,531	1,183	1,923	1,574	2,178	3,524	-
Two years later	1,480	1,530	953	1,715	1,775	2,618	-	-
Three years later	1,395	1,463	972	1,715	1,850	-	-	-
Four years later	1,252	1,471	1,120	1,715	-	-	-	-
Five years later	1,309	1,530	1,079	-	-	-	-	-
Six years later	1,399	1,530	-	-	-	-	-	-
Seven years later	1,416	-	-	-	-	-	-	-
(6) Decrease in estimated incurred losses and expenses from end of accident year	(142)	-	(501)	-	(55)	314	29	-

**SUPPLEMENTARY INFORMATION**

# UTAH COUNTIES INSURANCE POOL

## Statement of Net Assets by Line of Business December 31, 2005

### ASSETS

	<u>Multiline</u>	<u>Workers Comp</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,375,124	\$ 86,644	\$ 1,461,768
Accounts receivable	18,183	-	18,183
Accrued investment income	68,839	10,364	79,203
Prepaid expenses	99,000	-	99,000
<b>Total current assets</b>	1,561,146	97,008	1,658,154
<b>Investments</b>	8,156,091	1,237,468	9,393,559
<b>Capital assets</b> , net of accumulated depreciation of \$15,188 and \$272, respectively	85,395	-	85,395
<b>Total assets</b>	<u>\$ 9,802,632</u>	<u>\$ 1,334,476</u>	<u>\$ 11,137,108</u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities:</b>			
Reserves for losses and loss adjustment expenses	\$ 5,042,575	\$ 1,456,417	\$ 6,498,992
Accounts payable	57,477	52,624	110,101
Payroll liabilities	11,525	-	11,525
Compensated absences payable	35,166	-	35,166
Premiums paid in advance	1,114,994	61,925	1,176,919
<b>Total current liabilities</b>	6,261,737	1,570,966	7,832,703
<b>Building related payables</b>	13,891	-	13,891
<b>Total liabilities</b>	<u>6,275,628</u>	<u>1,570,966</u>	<u>7,846,594</u>
<b>Net assets:</b>			
Invested in capital assets	85,395	-	85,395
Restricted for:			-
Auto	15,094	-	15,094
Building debt service	86,300	-	86,300
Building repairs and maintenance	28,170	-	28,170
Unrestricted	3,312,045	(236,490)	3,075,555
<b>Total net assets</b>	<u>3,527,004</u>	<u>(236,490)</u>	<u>3,290,514</u>
<b>Total liabilities and net assets</b>	<u>\$ 9,802,632</u>	<u>\$ 1,334,476</u>	<u>\$ 11,137,108</u>

**UTAH COUNTIES INSURANCE POOL**  
Statement of Revenues, Expenses, and Changes in Net Assets  
by Line of Business  
For the Year Ended December 31, 2005

	Multiline	Workers Comp	Administrative	Total
<b>Income:</b>				
Premiums and other considerations	\$ 4,217,591	\$ 1,651,414	\$ -	\$ 5,869,005
Investment income	404,781	85,068	-	489,849
Realized loss on investments	(13,188)	-	-	(13,188)
Miscellaneous income	8,800	-	-	8,800
<b>Total income</b>	<b>4,617,984</b>	<b>1,736,482</b>	<b>-</b>	<b>6,354,466</b>
<b>Benefits:</b>				
Losses and loss adjustment expenses	3,437,157	1,450,909	-	4,888,066
Reinsurance expense	1,037,092	244,175	-	1,281,267
Risk management program credit	156,549	-	-	156,549
<b>Total benefits</b>	<b>4,630,798</b>	<b>1,695,084</b>	<b>-</b>	<b>6,325,882</b>
<b>Administration expenses:</b>				
Accounting	13,303	210	-	13,513
Actuary	8,000	8,000	-	16,000
Auto	-	-	11,023	11,023
Bank expense	-	-	51	51
Board expense	-	-	40,875	40,875
Bonding	-	37,500	-	37,500
Building	-	-	17,156	17,156
Consulting	-	-	60,000	60,000
Copying	-	-	1,611	1,611
Depreciation	-	-	25,983	25,983
Dues and subscriptions	-	-	5,297	5,297
Exhibitions and sponsorships	-	-	12,744	12,744
Information technology	-	-	16,864	16,864
Insurance	-	-	5,492	5,492
Land Use Hotline Program	-	-	1,359	1,359
Lease purchase (debt service)	-	-	58,703	58,703
Licenses & permits	-	-	650	650
Lobbying & legislative tracking	-	-	10,000	10,000
Loss control - training	-	-	32,087	32,087
Office equipment	-	-	1,232	1,232
Office supplies	-	-	8,306	8,306
Pass-through premium	-	-	45,669	45,669
Postage	-	-	3,135	3,135
Premium credits and incentives	-	-	5,616	5,616
Premium taxes	-	20,046	-	20,046
Printing	-	-	1,436	1,436
Professional fees	-	-	33,920	33,920
Staff expenses	-	-	620,960	620,960
Telephone	-	-	6,143	6,143
TPA WC	-	194,164	-	194,164
<b>Total administration expenses</b>	<b>21,303</b>	<b>259,920</b>	<b>1,026,312</b>	<b>1,307,535</b>
<b>Total benefits and expenses</b>	<b>4,652,101</b>	<b>1,955,004</b>	<b>1,026,312</b>	<b>7,633,417</b>
<b>Change in net assets before transfers</b>	<b>(34,117)</b>	<b>(218,522)</b>	<b>(1,026,312)</b>	<b>(1,278,951)</b>
Transfers between funds	(479,565)	(546,747)	1,026,312	-
<b>Change in net assets</b>	<b>(513,682)</b>	<b>(765,269)</b>	<b>-</b>	<b>(1,278,951)</b>
Net assets, beginning of year	4,040,686	528,779	-	4,569,465
<b>Net assets, end of year</b>	<b>\$ 3,527,004</b>	<b>\$ (236,490)</b>	<b>\$ -</b>	<b>\$ 3,290,514</b>

**OTHER INDEPENDENT AUDITORS' REPORTS**



**Independent Auditors' Report on Compliance and on  
Internal Control Over Financial Reporting Based Upon the Audit Performed in  
Accordance with Government Auditing Standards**

The Board of Directors  
**Utah Counties Insurance Pool**

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2005, and have issued our report thereon dated March 20, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **Utah Counties Insurance Pool's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Utah Counties Insurance Pool's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Utah Counties Insurance Pool**

March 20, 2006

Page 2

This report is intended solely for the information and use of the board of directors and management of **Utah Counties Insurance Pool** and the State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Sandy, Utah  
March 20, 2006

DRAFT

## Independent Auditors' Report on State Legal Compliance

The Board of Directors  
**Utah Counties Insurance Pool**

We have audited the financial statements of **Utah Counties Insurance Pool** as of and for the year ended December 31, 2005, and have issued our report thereon dated March 20, 2006. As part of our audit, we have audited **Utah Counties Insurance Pool's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The Pool received no funding from major State assistance programs from the State of Utah.

Our audit also included test work on the Pool's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Budgetary compliance
- Special districts
- Other general issues

The management of **Utah Counties Insurance Pool** is responsible for the Pool's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Pool's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The Board of Directors  
**Utah Counties Insurance Pool**  
March 20, 2006  
Page 2

The results of our audit procedures disclosed one instance of noncompliance with the requirements referred to above, which are described in a separate management letter dated March 20, 2006. We considered this instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except as noted above, **Utah Counties Insurance Pool**, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

Sandy, Utah  
March 20, 2006



# The Week

A PUBLICATION OF THE INVESTMENT STRATEGY DEPARTMENT



April 17, 2006

Rod Smyth, *Chief Investment Strategist*  
Bill Ryder, CFA, CMT *Chief Quantitative Strategist*  
Ken Liu, *Global Macro Strategist*

## 10-Year Treasury Yields: Moving Our Forecasted Range To 4.5 – 5.5%, Buying Opportunity Approaching

- *Don't fight the trend* is one of our three most important investment rules and clearly the trend for Treasury yields is now firmly upwards. Combining this uptrend with a Fed that is likely to raise rates to at least 5%; with global demand driving both European and Japanese rates higher; and with little evidence that US consumer demand is slowing yet, we are raising our 10-year Treasury yield range to 4.5–5.5% for the remainder of 2006. Our first half 2006 forecasted range was previously 4.25–5.0%. This is not a forecast that yields will rise to 5.5% but an acknowledgement that if yields push through previous trading congestion around 5.15%, then we believe 5.5% is the next major level of technical resistance.
- In our opinion, US consumption will ultimately be dampened by three factors:
  1. the slowdown which is unfolding in the housing market
  2. higher short and long-term interest rates
  3. gasoline prices rising to \$3 a gallon

Thus we still expect a buying opportunity for long-term Treasury bonds, but we do not feel that this is the time to fight the current trend.

- In order to become bullish on long-term Treasuries while the trend in rates is still rising, we would need the confidence to be contrarians. For this we turn to our other two rules: *Don't fight the Fed* and *Beware the crowd at extremes*. Since the Fed is currently raising short-term interest rates and has been very vocal on the subject of long-term rates staying low (Greenspan called it a conundrum), we don't think that they are unhappy to see long-term rates rising. Thus buying long-term Treasuries right now is still fighting the Fed in our opinion. On the other hand, bond and interest rate sentiment is approaching the kind of extreme levels that have indicated major turning points in the past (see Chart of the Week). *Bond prices move inversely to changes in interest-rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment.*
- We think interest rates rising above 5% make a short-term stock market correction more likely. As we have pointed out many times, the S&P 500 is close to the top end of its two-year up channel and we think is more likely to come back to the middle of the channel around 1260 in the next few months.

### **Pessimistic bond sentiment suggests buying opportunity approaching**

We have found that investor sentiment can be a useful contrary indicator, especially when trying to decide if a market is close to a turning point. Our Chart of the Week features Ned Davis Research's Interest Rate Futures Bullish Sentiment Index, designed to measure bond sentiment. During the decline in bond prices (rise in yields) so far in 2006, this measure of sentiment has fallen from neutral and has just entered the "extreme pessimism" zone. This suggests that a potential buying opportunity is approaching. However, looking back to the bond yield peaks in 1994 and 2000, sentiment fell to extreme readings and remained there for several months. Consequently, we believe bonds are approaching the end of their bear market, but are not there yet.









# **Wachovia Securities, LLC**

*In-House Accounts Carried by First Clearing Corp. LLC*

## **Portfolio Insight**

Prepared for:

**UTAH COUNTIES INS.**

Account(s): 84505229

In addition to these accounts, this report may include information on outside assets, as provided by the Financial Advisor.

Prepared under the direction of:

**ROBERT G. RICH, ASSOCIATE VICE PRESIDENT**

*As of: April 13, 2006*





# Maturity Alert

04/13/2006

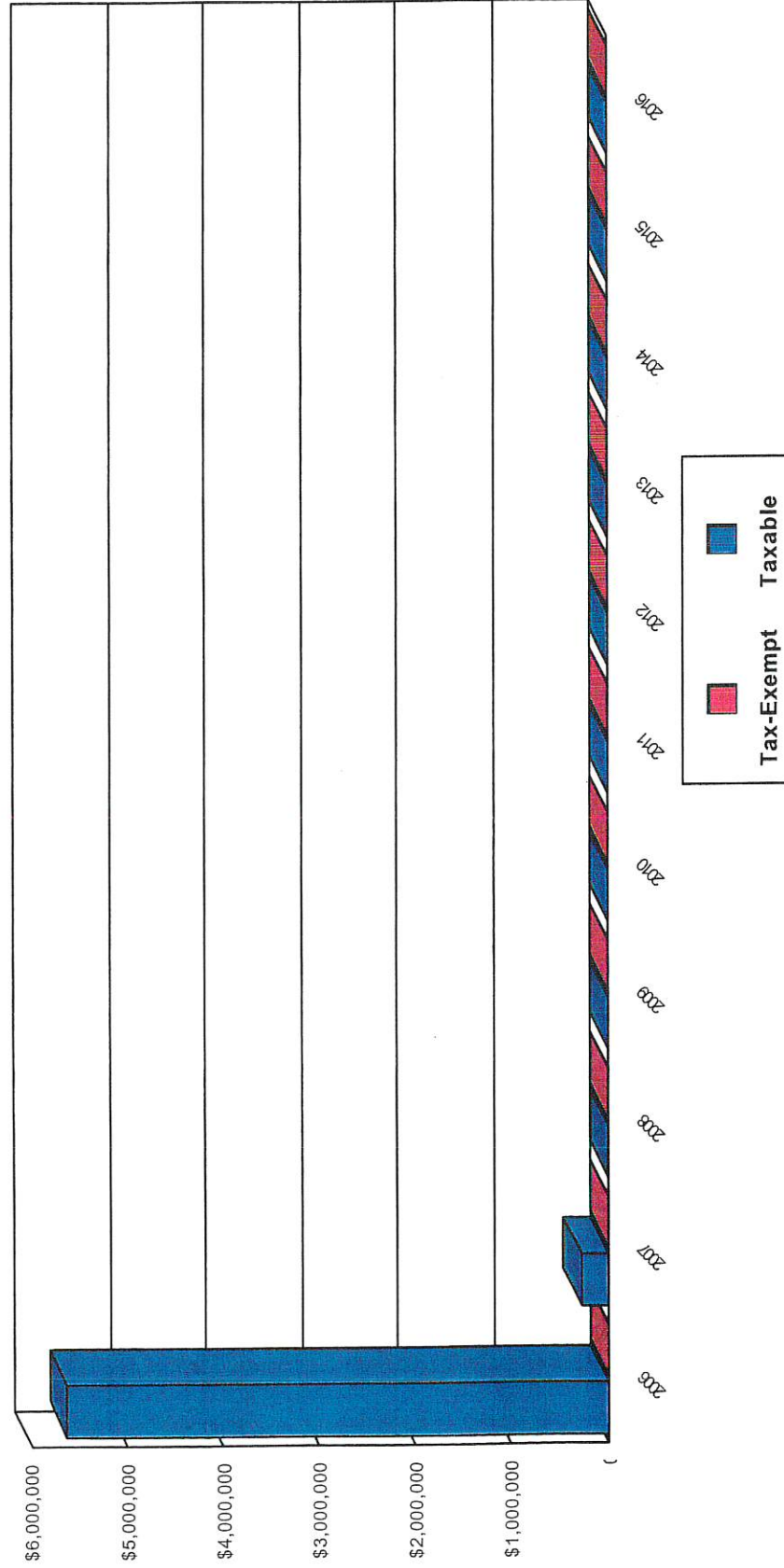
Par Value	Maturity Value	Adjusted Cost	CUSIP	DESCRIPTION Coupon Maturity	Rating	Estimated Annual Income (Non-in-House in Red)
<b>Total Maturity Value of Securities Maturing in June 2006: \$50,000</b>						
50,000	\$50,000.00	\$50,000	3128X1HE0	FREDDIE MAC 2.000 06/09/2006	GOVT/AGY	\$1,000.00
<b>Total Maturity Value of Securities Maturing in August 2006: \$230,000</b>						
230,000	\$230,000.00	\$230,000	31339YXP2	FEDERAL HOME LOAN BANK 2.500 08/14/2006	GOVT/AGY	\$5,750.00
<b>Total Maturity Value of Securities Maturing in September 2006: \$100,000</b>						
100,000	\$100,000.00	\$100,000	3136F6CF4	FANNIE MAE 3.000 09/22/2006	Aaa/AAA	\$3,000.00
<b>Total Maturity Value of Securities Maturing in December 2006: \$420,000</b>						
390,000	\$390,000.00	\$390,000	31339Y5X6	FEDERAL HOME LOAN BANK 2.200 12/26/2006	GOVT/AGY	\$8,580.00
30,000	\$30,000.00	\$30,000	31339XTK0	FEDERAL HOME LOAN BANK 2.250 12/26/2006	GOVT/AGY	\$675.00
<b>Total Maturity Value of Securities Maturing in May 2007: \$300,000</b>						
300,000	\$300,000.00	\$300,000	31339YZC9	FEDERAL HOME LOAN BANK 3.000 05/14/2007	GOVT/AGY	\$9,000.00

# Callable Analysis

04/13/2006

Type	Value	Percentage
Not Callable	\$276,000	4.5%
Callable	\$5,925,000	95.5%
MBS/ABS	\$0	0 %

Bonds Callable Within the Next 10 Years





# Potential Call Alert

Next 14 Months In Chronological Order By Call Date

04/13/2006

Par Value	CUSIP	DESCRIPTION Cpn. Mat. Date Rating	Adjusted Cost	Market Price	Call Date*	Call Price*	Estimated Redemption*
10,000	3133MUGE9	FEDERAL HOME LOAN BANK 5.350 12/24/2012 Aaa/AAA	\$ 98.75	\$ 97.93	04/18/2006	\$ 100.00	\$ 10,000
200,000	3133XON47	FEDERAL HOME LOAN BANK 4.000 08/25/2008 Aaa/AAA	\$ 100.00	\$ 97.34	04/18/2006	\$ 100.00	\$ 200,000
95,000	3133XON47	FEDERAL HOME LOAN BANK 4.000 08/25/2008 Aaa/AAA	\$ 100.00	\$ 97.34	04/18/2006	\$ 100.00	\$ 95,000
90,000	3133X6GQ3	FEDERAL HOME LOAN BANK 4.800 05/05/2011 GOVT/AGY	\$ 99.96	\$ 97.03	04/18/2006	\$ 100.00	\$ 90,000
75,000	3128X2Y25	FREDDIE MAC 3.000 03/29/2011 GOVT/AGY	\$ 99.61	\$ 96.12	04/18/2006	\$ 100.00	\$ 75,000
330,000	31339YFD9	FEDERAL HOME LOAN BANK 3.500 01/23/2009 GOVT/AGY	\$ 100.00	\$ 95.56	04/23/2006	\$ 100.00	\$ 330,000
10,000	3136F2LY2	FANNIE MAE 4.500 10/03/2011 GOVT/AGY	\$ 96.67	\$ 95.58	04/24/2006	\$ 100.00	\$ 10,000
100,000	3136F5LL3	FANNIE MAE 3.000 09/30/2011 GOVT/AGY	\$ 100.00	\$ 95.61	04/24/2006	\$ 100.00	\$ 100,000
100,000	3136F5LL3	FANNIE MAE 3.000 09/30/2011 GOVT/AGY	\$ 98.75	\$ 95.61	04/24/2006	\$ 100.00	\$ 100,000
50,000	3136F6HN2	FANNIE MAE 4.500 04/28/2010 GOVT/AGY	\$ 100.00	\$ 96.81	04/24/2006	\$ 100.00	\$ 50,000
100,000	3136F6UA5	FANNIE MAE 5.000 01/27/2012 GOVT/AGY	\$ 100.00	\$ 97.06	04/24/2006	\$ 100.00	\$ 100,000
100,000	3133X3DE0	FEDERAL HOME LOAN BANK 4.000 01/28/2011 GOVT/AGY	\$ 99.63	\$ 97.29	04/28/2006	\$ 100.00	\$ 100,000
300,000	31339YQ47	FEDERAL HOME LOAN BANK 4.100 07/30/2010 GOVT/AGY	\$ 100.00	\$ 95.22	04/30/2006	\$ 100.00	\$ 300,000
100,000	3133MYFZ5	FEDERAL HOME LOAN BANK 4.250 05/12/2010 GOVT/AGY	\$ 99.60	\$ 97.16	05/12/2006	\$ 100.00	\$ 100,000
100,000	3136F3RM0	FANNIE MAE 4.250 05/13/2010 GOVT/AGY	\$ 100.00	\$ 95.96	05/13/2006	\$ 100.00	\$ 100,000
350,000	31339YXV9	FEDERAL HOME LOAN BANK 4.000 08/13/2010 GOVT/AGY	\$ 100.00	\$ 96.99	05/13/2006	\$ 100.00	\$ 350,000
230,000	31339YXP2	FEDERAL HOME LOAN BANK 2.500 08/14/2006 GOVT/AGY	\$ 100.00	\$ 99.17	05/14/2006	\$ 100.00	\$ 230,000

\* In general, fixed income securities are callable in whole at anytime within 30 days notice after this stated date or in part on interest payment dates. Call premiums may decline subsequent to initial call date. Many fixed income securities are subject to additional early or special redemption features typically at par (or compound accreted value in the case of OIDs).

The Potential Call Alert does not include bonds in default. This report is incomplete unless the Disclaimer page is attached.

# Potential Call Alert

Next 14 Months In Chronological Order By Call Date

04/13/2006

Par Value	CUSIP	DESCRIPTION	Cpn.	Mat. Date	Rating	Adjusted Cost	Market Price	Call Date*	Call Price*	Estimated Redemption*
300,000	31339YZC9	FEDERAL HOME LOAN BANK	3.000	05/14/2007	GOVT/AGY	\$ 100.00	\$ 97.75	05/14/2006	\$ 100.00	\$300,000
20,000	3136F3RD0	FANNIE MAE	4.250	05/20/2010	GOVT/AGY	\$ 99.05	\$ 95.94	05/20/2006	\$ 100.00	\$20,000
200,000	3133X04B2	FEDERAL HOME LOAN BANK	3.500	08/20/2007	GOVT/AGY	\$ 99.94	\$ 98.49	05/20/2006	\$ 100.00	\$200,000
200,000	3133X0A66	FEDERAL HOME LOAN BANK	3.240	08/20/2007	GOVT/AGY	\$ 100.00	\$ 97.49	05/20/2006	\$ 100.00	\$200,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.33	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.25	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.39	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
15,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.39	\$ 98.56	06/01/2006	\$ 100.00	\$15,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.38	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.38	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.39	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.25	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
50,000	3133X7BF0	FEDERAL HOME LOAN BANK	5.300	06/01/2011	GOVT/AGY	\$ 100.25	\$ 98.56	06/01/2006	\$ 100.00	\$50,000
100,000	3136F6CF4	FANNIE MAE	3.000	09/22/2006	Aaa/AAA	\$ 100.00	\$ 99.09	06/22/2006	\$ 100.00	\$100,000
30,000	31339XTK0	FEDERAL HOME LOAN BANK	2.250	12/26/2006	GOVT/AGY	\$ 100.00	\$ 97.69	06/26/2006	\$ 100.00	\$30,000
390,000	31339Y5X6	FEDERAL HOME LOAN BANK	2.200	12/26/2006	GOVT/AGY	\$ 100.00	\$ 98.00	06/26/2006	\$ 100.00	\$390,000
1,000,000	31339XYG3	FEDERAL HOME LOAN BANK	2.750	06/30/2008	GOVT/AGY	\$ 100.00	\$ 96.58	06/30/2006	\$ 100.00	\$1,000,000

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# Potential Call Alert

Next 14 Months In Chronological Order By Call Date

04/13/2006

Par Value	CUSIP	DESCRIPTION Cpn. Mat. Date	Rating	Adjusted Cost	Market Price	Call Date*	Call Price*	Estimated Redemption*
330,000	31339XY73	FEDERAL HOME LOAN BANK 3.125 07/10/2009	GOVT/AGY	\$ 100.00	\$ 93.78	07/10/2006	\$ 100.00	\$330,000
215,000	31339YYY2	FEDERAL HOME LOAN BANK 3.000 08/13/2009	GOVT/AGY	\$ 100.00	\$ 99.22	08/13/2006	\$ 100.00	\$215,000
100,000	3136F6FN4	FANNIE MAE 3.500 10/14/2010	Aaa/AAA	\$ 99.38	\$ 98.39	10/14/2006	\$ 100.00	\$ 100,000
140,000	3134A4MF8	FREDDIE MAC 6.250 03/05/2012	GOVT/AGY	\$ 102.38	\$ 100.53	03/05/2007	\$ 100.00	\$ 140,000
95,000	3134A4MF8	FREDDIE MAC 6.250 03/05/2012	GOVT/AGY	\$ 102.20	\$ 100.53	03/05/2007	\$ 100.00	\$95,000
50,000	3134A4MF8	FREDDIE MAC 6.250 03/05/2012	GOVT/AGY	\$ 101.77	\$ 100.53	03/05/2007	\$ 100.00	\$50,000

\* In general, fixed income securities are callable in whole at anytime within 30 days notice after this stated date or in part on interest payment dates. Call premiums may decline subsequent to initial call date. Many fixed income securities are subject to additional early or special redemption features typically at par (or compound accreted value in the case of OIDs).

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# Rating Analysis

04/13/2006

## Taxable Securities

Rating	Par Value	Total Adj Cost	Market Value	% Mkt Value	Coupon	Weighted Averages Curr Yld	Duration	Estimated Income
GOVT/AGY	6,167,000 \$	6,156,314 \$	5,978,267	99.52%	3.47%	3.56%	2.11	\$ 212,860
Aaa/AAA	34,000	30,527	28,992	0.48%	0.00%	0.00%	2.93	0
<b>Total Taxable:</b>	<b>6,201,000 \$</b>	<b>6,186,841 \$</b>	<b>6,007,259</b>					<b>\$ 212,860</b>

# Projected Income Flow

UTAH COUNTIES INS.

Twelve Month Forecast

04/13/2006

Par Value		Issuer	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	Jan 2007	Feb 2007	Mar 2007	TOTAL
Coupon		Maturity Date	CUSIP												
			Fixed Income Flows												
10,000	FANNIE MAE		\$225						\$225						\$450
4,500	10/03/2011	3136F2LY2													
20,000	FANNIE MAE			\$425						\$425					\$850
4,250	05/20/2010	3136F3RD0													
100,000	FANNIE MAE			\$2,125						\$2,125					\$4,250
4,250	05/13/2010	3136F3RM0													
200,000	FANNIE MAE							\$3,000						\$3,000	\$6,000
3,000	09/30/2011	3136F5LL3													
100,000	FANNIE MAE							\$1,500							\$1,500
3,000	09/22/2006	3136F6CF4													
100,000	FANNIE MAE		\$1,750						\$1,750						\$3,500
3,500	10/14/2010	3136F6FN4													
50,000	FANNIE MAE		\$1,125						\$1,125						\$2,250
4,500	04/28/2010	3136F6HN2													
100,000	FANNIE MAE				\$2,500							\$2,500			\$5,000
5,000	01/27/2012	3136F6UA5													
30,000	FEDERAL HOME LOAN BANK				\$338						\$338				\$675
2,250	12/26/2006	31339XTK0													
330,000	FEDERAL HOME LOAN BANK				\$5,156						\$5,156				\$10,313
3,125	07/10/2009	31339XY73													
1,000,000	FEDERAL HOME LOAN BANK				\$13,750						\$13,750				\$27,500
2,750	06/30/2008	31339XYG3													
390,000	FEDERAL HOME LOAN BANK				\$4,290						\$4,290				\$8,580
2,200	12/26/2006	31339Y5X6													
330,000	FEDERAL HOME LOAN BANK				\$5,775						\$5,775				\$11,550
3,500	01/23/2009	31339YFD9													
300,000	FEDERAL HOME LOAN BANK				\$6,150						\$6,150				\$12,300
4,100	07/30/2010	31339YQ47													
230,000	FEDERAL HOME LOAN BANK				\$2,875										\$2,875
2,500	08/14/2006	31339YXP2													
350,000	FEDERAL HOME LOAN BANK				\$7,000							\$7,000			\$14,000
4,000	08/13/2010	31339YXV9													
215,000	FEDERAL HOME LOAN BANK				\$3,225							\$3,225			\$6,450
3,000	08/13/2009	31339YY72													

This report is incomplete unless the Disclaimer page is attached.



# Projected Income Flow

UTAH COUNTIES INS.

Twelve Month Forecast

04/13/2006

	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	Jan 2007	Feb 2007	Mar 2007	TOTAL
300,000 FEDERAL HOME LOAN BANK					\$4,500						\$4,500		\$9,000
3,000 05/14/2007 31339YZC9													
10,000 FEDERAL HOME LOAN BANK			\$268						\$268				\$535
5,350 12/24/2012 3133MUGE9													
100,000 FEDERAL HOME LOAN BANK		\$2,125						\$2,125					\$4,250
4,250 05/12/2010 3133MYFZ5													
200,000 FEDERAL HOME LOAN BANK					\$3,500						\$3,500		\$7,000
3,500 08/20/2007 3133X04B2													
200,000 FEDERAL HOME LOAN BANK					\$3,240						\$3,240		\$6,480
3,240 08/20/2007 3133X0A66													
295,000 FEDERAL HOME LOAN BANK					\$5,900						\$5,900		\$11,800
4,000 08/25/2008 3133X0N47													
100,000 FEDERAL HOME LOAN BANK				\$2,000					\$2,000				\$4,000
4,000 01/28/2011 3133X3DE0													
90,000 FEDERAL HOME LOAN BANK		\$2,160						\$2,160					\$4,320
4,800 05/05/2011 3133X6GQ3													
415,000 FEDERAL HOME LOAN BANK			\$10,998					\$10,998					\$21,995
5,300 06/01/2011 3133X7BF0													
50,000 FREDDIE MAC			\$500										\$500
2,000 06/09/2006 3128X1HE0													
75,000 FREDDIE MAC						\$1,125						\$1,125	\$2,250
3,000 03/29/2011 3128X2Y25													
285,000 FREDDIE MAC						\$8,906						\$8,906	\$17,813
6,250 03/05/2012 3134A4MF8													
<b>Totals for Fixed Income Flows:</b>	\$3,100	\$6,835	\$30,143	\$21,581	\$30,240	\$14,531	\$3,100	\$6,835	\$29,643	\$21,581	\$27,365	\$13,031	\$207,985
<b>Portfolio's monthly income:</b>	\$3,100	\$6,835	\$30,143	\$21,581	\$30,240	\$14,531	\$3,100	\$6,835	\$29,643	\$21,581	\$27,365	\$13,031	\$207,985

## Monthly Interest Income Schedule

04/13/2006

Issuer	Coupon	Maturity	Par Value	Date Paid	Int. Pmt.
<b>April 2006</b>					
FANNIE MAE	4.500	10/03/2011	10,000	3	\$225
FANNIE MAE	3.500	10/14/2010	100,000	14	\$1,750
FANNIE MAE	4.500	04/28/2010	50,000	28	\$1,125
Total Interest Income for April 2006 :					\$3,100
<b>May 2006</b>					
FEDERAL HOME LOAN BANK	4.800	05/05/2011	90,000	5	\$2,160
FEDERAL HOME LOAN BANK	4.250	05/12/2010	100,000	12	\$2,125
FANNIE MAE	4.250	05/13/2010	100,000	13	\$2,125
FANNIE MAE	4.250	05/20/2010	20,000	20	\$425
Total Interest Income for May 2006 :					\$6,835
<b>June 2006</b>					
FEDERAL HOME LOAN BANK	5.300	06/01/2011	415,000	1	\$10,998
FREDDIE MAC	2.000	06/09/2006	50,000	9	\$500
FEDERAL HOME LOAN BANK	5.350	12/24/2012	10,000	24	\$268
FEDERAL HOME LOAN BANK	2.250	12/26/2006	30,000	26	\$338
FEDERAL HOME LOAN BANK	2.200	12/26/2006	390,000	26	\$4,290
FEDERAL HOME LOAN BANK	2.750	06/30/2008	1,000,000	30	\$13,750
Total Interest Income for June 2006 :					\$30,143
<b>July 2006</b>					
FEDERAL HOME LOAN BANK	3.125	07/10/2009	330,000	10	\$5,156
FEDERAL HOME LOAN BANK	3.500	01/23/2009	330,000	23	\$5,775
FANNIE MAE	5.000	01/27/2012	100,000	27	\$2,500
FEDERAL HOME LOAN BANK	4.000	01/28/2011	100,000	28	\$2,000
FEDERAL HOME LOAN BANK	4.100	07/30/2010	300,000	30	\$6,150
Total Interest Income for July 2006 :					\$21,581
<b>August 2006</b>					
FEDERAL HOME LOAN BANK	4.000	08/13/2010	350,000	13	\$7,000
FEDERAL HOME LOAN BANK	3.000	08/13/2009	215,000	13	\$3,225
FEDERAL HOME LOAN BANK	2.500	08/14/2006	230,000	14	\$2,875

Issuer	Coupon	Maturity	Par Value	Date Paid	Int. Pmt.
<b>September 2006</b>					
FEDERAL HOME LOAN BANK	3.000	05/14/2007	300,000	14	\$4,500
FEDERAL HOME LOAN BANK	3.500	08/20/2007	200,000	20	\$3,500
FEDERAL HOME LOAN BANK	3.240	08/20/2007	200,000	20	\$3,240
FEDERAL HOME LOAN BANK	4.000	08/25/2008	295,000	25	\$5,900
Total Interest Income for August 2006 :					\$30,240
<b>September 2006</b>					
FREDDIE MAC	6.250	03/05/2012	285,000	5	\$8,906
FANNIE MAE	3.000	09/22/2006	100,000	22	\$1,500
FREDDIE MAC	3.000	03/29/2011	75,000	29	\$1,125
FANNIE MAE	3.000	09/30/2011	200,000	30	\$3,000
Total Interest Income for September 2006 :					\$14,531
<b>October 2006</b>					
FANNIE MAE	4.500	10/03/2011	10,000	3	\$225
FANNIE MAE	3.500	10/14/2010	100,000	14	\$1,750
FANNIE MAE	4.500	04/28/2010	50,000	28	\$1,125
Total Interest Income for October 2006 :					\$3,100
<b>November 2006</b>					
FEDERAL HOME LOAN BANK	4.800	05/05/2011	90,000	5	\$2,160
FEDERAL HOME LOAN BANK	4.250	05/12/2010	100,000	12	\$2,125
FANNIE MAE	4.250	05/13/2010	100,000	13	\$2,125
FANNIE MAE	4.250	05/20/2010	20,000	20	\$425
Total Interest Income for November 2006 :					\$6,835
<b>December 2006</b>					
FEDERAL HOME LOAN BANK	5.300	06/01/2011	415,000	1	\$10,998
FEDERAL HOME LOAN BANK	5.350	12/24/2012	10,000	24	\$268
FEDERAL HOME LOAN BANK	2.250	12/26/2006	30,000	26	\$338
FEDERAL HOME LOAN BANK	2.200	12/26/2006	390,000	26	\$4,290
FEDERAL HOME LOAN BANK	2.750	06/30/2008	1,000,000	30	\$13,750
Total Interest Income for December 2006 :					\$29,643
<b>January 2007</b>					
FEDERAL HOME LOAN BANK	3.125	07/10/2009	330,000	10	\$5,156



## Monthly Interest Income Schedule

04/13/2006

Issuer	Coupon	Maturity	Par Value	Date Paid	Int. Pmt.
<b>January 2007</b>					
FEDERAL HOME LOAN BANK	3.500	01/23/2009	330,000	23	\$5,775
FANNIE MAE	5.000	01/27/2012	100,000	27	\$2,500
FEDERAL HOME LOAN BANK	4.000	01/28/2011	100,000	28	\$2,000
FEDERAL HOME LOAN BANK	4.100	07/30/2010	300,000	30	\$6,150
Total Interest Income for January 2007 :					\$21,581
<b>February 2007</b>					
FEDERAL HOME LOAN BANK	4.000	08/13/2010	350,000	13	\$7,000
FEDERAL HOME LOAN BANK	3.000	08/13/2009	215,000	13	\$3,225
FEDERAL HOME LOAN BANK	3.000	05/14/2007	300,000	14	\$4,500
FEDERAL HOME LOAN BANK	3.500	08/20/2007	200,000	20	\$3,500
FEDERAL HOME LOAN BANK	3.240	08/20/2007	200,000	20	\$3,240
FEDERAL HOME LOAN BANK	4.000	08/25/2008	295,000	25	\$5,900
Total Interest Income for February 2007 :					\$27,365
<b>March 2007</b>					
FREDDIE MAC	6.250	03/05/2012	285,000	5	\$8,906
FREDDIE MAC	3.000	03/29/2011	75,000	29	\$1,125
FANNIE MAE	3.000	09/30/2011	200,000	30	\$3,000
Total Interest Income for March 2007 :					\$13,031

# Understanding Your Portfolio Insights Review

This report is intended to provide you with a descriptive overview of your current portfolio or a hypothetical portfolio and may include analysis, income projections and recommendations. The report may encompass one account or multiple accounts as specified on the cover page. It may also include positions that you hold away, some of which positions may not be identified as being held away. Information for accounts is provided by sources deemed accurate and reliable. Outside account information was provided by you. We make no representation to the accuracy of information of outside accounts. If the report cover states that this is a hypothetical portfolio, the security selection is based on parameters defined by your Financial Advisor (FA). Prices and availability are subject to change. Please be aware certain securities may not be appropriate for all investors. FA's must determine suitability of the prospect/client prior to soliciting any security. All security and performance information, including pricing, specific security features, yield calculations and income projections should be used only as a guide. There is no guarantee that this information is complete or accurate in its entirety or that actual values or performance will closely approximate any performance shown. Assumptions have been made to facilitate calculations and the depiction of your holdings. These assumptions have been defined whenever possible, but are in no way a guarantee of returns for these securities. Variables affecting outcomes are unknown and unpredictable. Calculations based upon them simply reflect one of many possible outcomes. Due to occasional technical and timing issues, there is a possibility that our data sources are incomplete. Please review all information with your Financial Advisor.

Security prices contained in this report are obtained from various sources, including independent pricing services. There is no guarantee that the reported prices reflect current market prices or that the reported price could be realized. Corporate and municipal bonds and other fixed income securities are priced by a computerized pricing service or, for less actively traded securities, by utilizing a yield-based matrix system to arrive at an estimated market value. Reported prices should not be considered actual bids. For current prices, call your Financial Advisor.

At Wachovia Securities we utilize a top-down discipline in building and maintaining an investment portfolio. A top-down approach focuses first on asset allocation, then on industry allocation, and lastly, on security selection. Asset allocation is the most important investing decision, but most individuals do not realize its effect on their overall returns. Studies analyzing the impact of asset allocation on investment portfolios have identified this. For example, a study performed by Brinson, Hood and Beebower in 1986 (and reconfirmed in 1991) found that over a ten-year period, approximately 92% of the difference in returns resulted from differences in asset allocation. The remaining portfolio performance was based on approximately 5% due to security selection, and 2% due to market timing. It is equally important to recognize the potential risk reduction achieved through an appropriately diversified portfolio.

Security prices contained in this report are obtained from various sources, including independent pricing services. There is no guarantee that the reported prices reflect current market prices or that the reported price could be realized. Corporate and Municipal Bonds and other fixed income securities are priced by a computerized pricing service or, for less actively traded securities, by utilizing a yield-based matrix system to arrive at an estimated market value. Some or all of these prices are calculated at the end of the month and may not exactly reflect the current price of the securities. Wachovia Securities LLC does not consider the reported prices actual bids. For current prices, call your Financial Consultant. Wachovia Securities LLC may or may not make a market in these securities, which may also affect the realized price and yield. Employees of Wachovia Securities LLC may own the securities referenced or options, rights and warrants to purchase or convert into referenced securities.

While the information contained in your Portfolio Insights Review has been obtained from sources we believe to be reliable, Wachovia Securities does not guarantee its accuracy or completeness.

## Portfolio Summary

The Portfolio Summary provides a one to two page snap shot of the portfolio. The information contained on these pages breaks out into more detail in a series of reports that follow. Your Financial Advisor has selected from a variety of available detailed reports those which pertain to your investment portfolio. There may be reports described in this document that are not in your Portfolio Insights report.

The Financial Advisor may have provided an Investment Objective for this report based on the clients stated goals. If the report shows an Investment Objective, the Financial Advisor has chosen an investment allocation that he/she considers the most appropriate for your investment objectives. The recommended asset allocations weightings have been determined by the Advisory Services Group (ASG) of Wachovia Securities. Current allocation percentages are based only on the asset classes of domestic equity, international equity, fixed income, cash, and other.

Portfolio totals are par values and approximate market values of the account holdings grouped by type. Cash total is based on money market balance at time of analysis.

The Estimated Income schedule identifies the annualized estimated interest and dividend income based on current holdings. The schedule assumes a called or maturing bond will be reinvested at the same coupon. If bonds do get called, these coupon cash flows would differ. This schedule also assumes that Mortgage Backed and Asset Backed Securities (MBS/ABSs) pay based on the factor existing at the time of this report. This is only a rough guide, as it is impossible to accurately predict MBS prepayments and/or whether a bond will be called. The amount of municipal interest income subject to alternative minimum tax is included in the total figure for Tax Exempt Income and is further shown as a separate line item below this number. Income from equities and funds are based on annualizing the most recent dividend rate paid. Dividends are not guaranteed and are subject to change or elimination. Past performance is not a guarantee of future results. There is no estimated income flow calculated for "Cash". This report may differ from the detailed Projected Income Flow report for Fixed Income as this report simply annualizes the current estimated annual income, whereas the Projected Income Flow report should reflect specific long or short coupon payments if such exist and will not show any interest payments beyond the maturity of the bond.

The Equity Statistics are based on weighted average market values of individual securities and data received from FadSet.

The Equity Market Cap reflects weighted average market values of individual equities as well as the equity portion of mutual funds as reported by Ibbotson Associates, located in Chicago, IL.

The Long Term Earnings Growth represents the consensus estimated earnings growth on individual stocks as provided by First Call.

The Fixed Income Averages section provides descriptive features of bonds and utilizes a weighting by market value for each category. Coupon: average coupons of the individual bonds. Yield at Market: lower of yield to call or yield to maturity at the current market price displayed for each bond. For MBS/ABSs, an anticipated yield to average life is used. Current yield: coupon divided by market price. Yield at purchase: Average of the yield to worst at the time of purchase for securities which purchase information was provided. Purchase yields are not available on MBS securities and therefore not included in this average. Duration, where available, is Option Adjusted Duration. It is modeled after modified duration but takes into account embedded call options. It is used to provide a measurement of price volatility. For example, a duration of 4 means that a shift in prevailing rates 100 basis points (1%) in 1 year period should shift the price in the opposite direction by 4%.

The Maturity Analysis schedule represents your fixed income portfolio grouped according to stated maturity or average life in segments and expressed as a percentage of the total fixed income portfolio at current market value. The Callable Analysis represents your fixed income portfolio grouped according to first call dates in segments and reflects where call risk/exposure lies.

For the Duration table on the summary page, modified duration is used and annual compounding is assumed. The Duration section is intended to represent the weighted average time to full recovery of principal and interest payments on the fixed income securities.

The Economic Sector Allocation represents market weighted equities and mutual funds for which we have data. The comparative model is based on the sector weightings of the Advisory Services Group's Blue Chip Advantage Portfolio as of the previous week's close.

The Bond Rating Distribution schedule breaks down holdings according to credit ratings issued by Moody's and S&P in that order. For purposes of the averages displayed herein, where differences between the sources exist the higher rating has been used. Some issues are rated by only one agency and some are not rated. The Treasury/Agency designation has been used for direct government obligations as well as government-sponsored enterprises. For purposes of this report, this designation is used to assign credit quality only and is not intended to imply any type of guarantee of principal and interest.

## How This Report Analyzes Equity Portfolios

### Economic Sector Analysis

The sector classifications and recommended allocations are provided by ASG. Equity sectors are based on Standard & Poor's (S&P) Global Industry Classification Standard (GICS®), a division of the McGraw Hill Companies, Inc.). This industry classification system was developed by S&P in collaboration with Morgan Stanley Capital International. The classification system currently includes a universe of over 25,000 companies worldwide. The sector classification of a company is generally determined by the

business activity that generates a majority of the company's revenues and/or earnings. A company's industry classification is reviewed upon significant corporate events or when new information is made publicly available. The 10 sectors used in this analysis are: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecom Services and Utilities. Common stock sectors are provided by FactSet Research Systems, Inc. Sectors for funds are provided by CDA/Weisenberger. In situations where a fund sector is termed different than S&P, we internally map them to the sector we believe it corresponds with best. The table in the Economic Sector Analysis section compares your current sector allocations to the sector weightings of the Advisory Services Group's Blue Chip Advantage Portfolio as of the previous week's close. For reference, the report also shows the market's benchmark allocation, as represented by the S&P 500.

#### Portfolio Analysis – Equities

Estimated Long Term Annual Earnings Growth is the 3- 5 year estimated earnings growth rate provided by First Call. They represent the mean of analysts' long-term annual estimates for the specific stock. The number of analysts following the stock at the time this report was generated is represented in the column "# estimates". Estimated Annual Dividend Income is estimated annualizing the most recent dividend rate paid. Dividends are not guaranteed and are subject to change or elimination. Past performance is not a guarantee of future results. Percentage weighting is based on the position's size within the equity portion of the portfolio.

#### Equity Statistics

The Equity Statistics report shows both current quantitative and qualitative ratings on the stocks in the portfolio. The quantitative ratings are denoted by the following:

RS: Relative Strength (Stock) - (Price Momentum). A percentile ranking for each of approximately 7000+ stocks. Specifically, it is a weighted average of the 9-month relative price change, 6-month price change and 3-month price change.

EM: Earnings Momentum - Proprietary calculation by Wachovia Securities, which ranks each company relative to the universe on quarterly reported earnings per share, growth, and acceleration.

SM: Sales Momentum - Proprietary calculation by Wachovia Securities, which ranks each company relative to the universe on quarterly sales growth and acceleration.

In an attempt to make the presentation of the RS, EM, SM data more visual - some of the data elements have been color-coded. In general:

**Green:** Positive connotation Percentile presentations the stock ranks above 70.

**Blue:** Neutral connotation Percentile presentations the stock ranks in between 30 and 70.

**Red:** Negative connotation Percentile presentations - the stock ranks 30 or below.

Note: The colors are only meant as a guide - different investment styles would view the presentation differently.

Wachovia Securities also has several strategic research alliances with equity analysts at other Wall Street firms. Through this you have indirect access to the research of five firms (Wachovia Capital Markets, Prudential, Credit Suisse First Boston, Sanford Bernstein, and Standard & Poor's) and over 200 domestic analysts that provide analysis of over 4,000 companies. The Equity Statistics table shows the ratings assigned by these firms to the stocks in your portfolio.

Fundamental research ratings are denoted by the following codes:

CS: Credit Suisse - Strong Buy, Buy, Hold, Sell  
WB: Wachovia Capital Markets - Buy, Outperform, Hold, Underperform, Sell  
S&P: Standard and Poor's - Buy, Accumulate, Hold, Avoid, Sell  
PRU: Prudential – Overweight, Neutral weight, Underweight  
SB: Sanford Bernstein – Outperform, Market Perform, Underperform

#### Projected Income Flow

The Projected Income Flow table reflects individual dividend payments based on the company's most recent dividend payment at the date of preparation of the review and projected forward for the next twelve months. Typically dividend payments on equity securities are paid quarterly. However, a payment reflected herein may not correspond with the quarterly date. Dividends are not guaranteed and are subject to change or elimination.



## How We Analyze Fixed Income Portfolios

Under present federal income tax law, the interest income received from investing in the majority of municipal bonds is free from federal income taxes. However, if you are subject to the alternative minimum tax, you must include interest income from certain municipal securities in calculating the tax. Additionally, some municipal bonds are fully taxable on the federal level if the proceeds of financing are used to subsidize activities which do not provide a significant benefit to the public at large. For purposes of this report, bonds whose interest income is subject to the alternative minimum tax will be denoted with the abbreviation "AMT" in the far right column of the Fixed Income Portfolio Analysis. Taxable municipal bonds will be separated from tax-exempt bonds and also be designated as Taxable Municipals. While every attempt will be made to ensure that such differentiations are appropriately made, there is no guarantee as to the completeness or accuracy of this information. Certain government agency issues are exempt from state tax. These issues will be included in the taxable portion of this distribution and state tax status will not be designated.

For purposes of this report, Mortgage Backed Securities (MBSs) include Asset Backed Securities (ABSs), Pass Through and Collateralized Mortgage Obligations (CMOs). MBSs do not have defined principal cash flows due to principal payment uncertainties. In this report, assumptions must be made about the prepayment speed and average life value for MBSs. These assumptions result in an estimated principal and interest repayment schedule, which is used in combination with current price to calculate a cash flow yield. Cash flow yield is the yield used for this security type. Actual yields will not match stated yields because it is not possible to precisely predict MBS cash flow streams. Factors affecting asset prepayments such as future interest rates are unknown.

Preferred Stock positions may be perpetual securities with no stated maturity. For perpetual securities, a maturity date of December 31, 2049 is assigned to facilitate portfolio and individual security calculations. If these securities have stated maturities, the actual maturity date is used.

### Portfolio Analysis

The fixed income analysis is ordered first by its classification and then by maturity. Municipal bonds that are pre-refunded will be called prior to maturity, on or after the first optional call date stated at the time of issuance. For purposes of this report, these issues will appear in maturity order on their pre-refunded dates rather than date of original maturity. Variable rate municipal issues with very short term put options will be carried using the known coupon rate at the time of preparation and will appear in order of the first put option. Every attempt will be made to ensure the accuracy of the coupon rate on these variable rate securities; however assumptions may be made on these securities if our data sources do not provide the current coupon. The rate of comparable issues may be used in these situations. For purposes of this report, Mortgage Backed and Asset Backed Securities (MBS/ABSs) are ordered by their average life. MBS/ABSs are assigned the current factor. The cash flows, including yield at market, average life, duration, and principal prepayment window, for MBS/ABSs are derived from our proprietary prepayment model which projects principal and interest cash flows over the life of the mortgages. This model uses 15 years of populated data to derive an econometric model that calculates the rate at which homeowners will refinance their mortgages given varying degrees of financial incentives to do so. The yield, average life and the expected maturity are based on prepayment assumptions that may or may not be met. Changes in prepayments may significantly affect yield, average life and expected maturity. Please contact your Financial Advisor for information on MBS/ABSs and how they react to different market conditions. FNMA, GNMA, and FHLMC guarantee the timely payment of principal and interest. The guarantee does not protect against loss of principal if sold prior to maturity. If the investment is sold prior to maturity, an investor may receive more or less than their original investment.

Sector and sub-sector information for corporate bonds and preferred stocks were obtained from an industry source we believe to be reliable. Due to the number of issues outstanding within the Finance sector, this category is broken down into sub-sectors to illustrate a more thorough representation of this type of exposure. Sectors for Governments, Agencies and Asset Backed and Mortgage Backed Securities have been designated. The Government sector includes Treasuries and Agencies. The Mortgage Securities sector is comprised of Asset Backed and Mortgage Backed securities. Municipal sector information was obtained from industry sources we believe to be reliable. Issues that are fully pre-refunded, and thereby backed by government securities, have been segregated to reflect this sector rather than their original sector.

Par Value represents the face value of the bond or number of preferred shares. MBSs display current remaining principle below original par value based on the most current factor.

The Cost Information column (when cost information is available) will provide the original cost and purchase yield. On securities other than preferred stock, variable rate bonds and MBSs, we calculate an adjusted cost basis using accretion and/or amortization. Investments purchased at either a discount or a premium are adjusted to par over the life of the security. Constant yield method was used to make these adjustments. Constant yield to maturity is the constant discount rate that must be applied to each and every payment on a bond (principal and interest) in order to produce an aggregate value that is equal to the issue price of the bond. Values in blue denote that the bond was purchased "out of the moneys". The sale or redemption of such securities will result in taxation of gain as ordinary income based on IRS rules regarding de minimis

and market discount allowances. These adjusted cost calculations are extremely complex and should be computed by a tax professional. Information provided herein is only a guide and based on current IRS regulations.

If cost information was not provided or MBS securities are present, unrealized gains/losses are incomplete. This information should be used as a rough guide. The information is not guaranteed as to accuracy and any potential tax implication should be determined by a tax professional. Discount bonds may be subject to capital gains tax. Rates of such tax vary for individual taxpayers. Discount yields shown herein are gross yields to maturity.

Within our Yield at Market column, the lower of yield to call or yield to maturity at the current market price are displayed. This yield is denoted by the following codes:

- C: yield is to premium call date and price
- P: yield is to par call date and price
- U: yield is to optional/mandatory put date and price
- R: yield is to pre-refunding date and price
- S: yield is to average life of a sinking funds schedule
- M: yield is calculated to maturity of issue
- A: yield is average life MBS cash flow yield
- T: yield is to next tender date

The Gain (Loss) column may not equal Current Market Value minus Adjusted Cost in the event that pricing information and/or cost information is unavailable.

#### Municipal Bond Distribution by State

This report is provided for informational purposes only. State tax rates and taxation of securities vary from state to state. Please consult your tax professional for assistance.

#### Maturity Distribution

The Maturity Distribution graph included in the report illustrates the Bond Principal reflected on the Portfolio Summary, and provides an approximate breakdown of principal repayments of your fixed income holdings. These schedules assume that bonds are not called and that MBSs pay according to the stated principal payment window. This is only a rough guide. Call features may be exercised as stated elsewhere at any time. It is also impossible to accurately predict MBS prepayments and/or whether a bond will be called. MBSs do not have defined principal cash flows due to principal prepayment uncertainties.

#### Maturity Alert

This report reflects issues known to be maturing or prerefunded as of the date of report preparation as stated. Other calls may be invoked within the next fourteen months; see potential call analysis for details.

#### Callable Analysis

The Callable Analysis distribution identifies securities known to have the potential to be called within the next 10 years as of the preparation date of the review and groups according to next or initial call dates in segments. It alerts you to par the amount of bonds, which may be called at each time segment. In general, fixed income securities are callable in whole at any time within 30 days notice after this stated date or in part on interest payment dates. Call premiums may decline subsequent to initial call date. Many fixed income securities are subject to additional early or special redemption features typically at par, or compound accreted value in the case of Original Issue Discount Bonds (OIDs). MBSs typically do not have stated call features but do have uncertain maturities; therefore a percentage designation has been provided for these securities.

#### Potential Call Alert

This report shows bonds that have potential call features occurring in the next 14 months that are known at the time the report was created. Every effort has been made to obtain this information; however, there is no guarantee as to its completeness. In general, fixed income securities are callable in whole at any time within 30 days notice after this stated date or in part on interest payment dates. Call premiums may decline subsequent to initial call date. Many fixed income securities are subject to additional early or special redemption features typically at par (or compound accreted value in the case of OIDs). MBSs typically do not have stated call features but do have uncertain maturities; therefore a percentage designation has been provided for these securities in the Callable Analysis but they have not been included in Potential Call Alert.

#### Rating Analysis

This table shows totals, percentages and weighted averages for fixed income securities in the report, listed in order of credit ratings issued by Moody's and S&P. For purposes of the averages displayed herein, where differences between the sources exist the higher rating has been used. Some issues are rated by only one agency and some are not rated. The GOVT/AGY designation has been assigned to direct government obligations as well as government-sponsored enterprises. Averages for coupon, yield and duration contained in this report are based on market value of the securities.

#### Credit Enhancement (By Market Value)

This reflects the credit-enhanced securities as a percentage of your total fixed income holdings. Enhancements used for this analysis are Bond Insurance, escrowed collateral in US Treasuries on refunded bonds, and Federal Deposit Insurance Corporation (FDIC). FDIC insurance is limited to \$100,000 per issuer. This is for informational purposes only, and does not represent a guarantee with respect to payment of principal and interest. Additionally, the terms of enhancements vary and assumptions cannot be made as to specific issuers or issues. This report is not meant to indicate that "non-enhanced" securities are of lesser credit quality than those with secondary credit enhancement. Insurance pertains to the timely payment of principal and interest by the issuer of the underlying securities and not the price of the bond, which will fluctuate prior to maturity.

MBIA - Municipal Bond Insurance Association  
FGIC - Financial Guaranty Insurance Company  
FDIC - Federal Deposit Insurance Corporation  
AMBAC - American Municipal Bond Assurance Corporation  
FSA - Financial Security Assurance, Inc.  
GAC - Govt. Agency Collateralized  
FS - Federally Subsidized (FHA or HUD)  
Letters of Credit  
Other - debt secured by other additional sources

#### Projected Income Flow and Monthly Interest Income Schedule

The income tables included within this report reflect individual interest payments as known on the date of preparation of the report for the twelve month period including the month in which the report is prepared, even if the interest payment has already occurred. Typically, interest payments on securities that pay semi-annually correspond with the month and day of their maturity date. However, if a payment reflected herein does not correspond with the maturity date it may be anomalous in nature. These reports may differ from the estimated income on the Portfolio Summary and Portfolio Analysis if there are long or short first coupon dates or if securities mature. The estimated income figures assume an annualized return based on the snapshot of the portfolio (i.e. assumes reinvestment at same stream of income on maturing securities). The Projected Income Flow report attempts to show the specific income payments for each security. Monthly interest for MBS securities is estimated and designated as such and assumes the factor remains the same as indicated on the Portfolio Analysis. Actual payments will not match stated payments because it is not possible to precisely predict MBS cash flow streams.

### **How This Report Analyzes Funds**

#### Portfolio Analysis

The Portfolio Analysis segments funds by closed-end, exchange-traded, and open-ended mutual funds. Secondly they are aggregated into categories derived for Morningstar. Weighted Average Style Diversification totals only represent mutual funds with representative style data. Style analysis is a statistical method used to determine the investment characteristics of a security. The data is provided by Ibbotson Associates, located in Chicago, Illinois. The factors represent the sensitivity of the monthly returns of a security to the monthly returns of the indexes representing a series of global asset classes. For example, if the US Large Cap Value factor were 80 (out of a possible 100), that should be interpreted to mean the fund performs as if it invests primarily in large value stocks. The factors relative to one another will provide a representation of securities in which the fund invests as based on the analysis of its total returns. Although the fund's total return performance may be similar to that of an index comprised of global asset classes, it should not be assumed that the fund holds securities found in that index. The factors are NOT based on examination of the actual holdings of a fund; rather they are statistically derived by comparing the fund's performance to the performance of indexes, which represent the different asset classes.

Mutual fund background information, rankings and performance data are generated by Thomson Financial. NAV Total Returns are calculated based on the Net Asset Value of the mutual fund including reinvestment of dividends and capital gains and DO NOT include the effects of sales charges. Had sales charges been included, the returns shown would have been lower. Annual expenses such as 12b-1 fees and management expenses are accounted for in the figures



The Peer Rank shows the fund's rank against all securities within its investment category based on total return and DOES NOT include the effects of sales charges. Each rank is expressed as a percentile where 1=best and 100=worst. Ranking percentages may be rounded. Investment Category is obtained from Morningstar. While the information herein has been obtained from sources we believe to be reliable, its accuracy and completeness are not guaranteed

**This information represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost.**

**Mutual funds, Closed-End funds, and Exchange-Traded funds are sold by prospectus. Please consider the investment objectives, risk, charges and expenses carefully before investing. The prospectus, which contains this and other information, can be obtained by calling your Financial Advisor. Read it carefully before you invest.**

Projected Income Flow

The Projected Income Flow table reflects individual dividend payments based on the fund's prior rate known at the date of preparation of the review and projected forward for the next twelve months. Dividends are not guaranteed and are subject to change or elimination. Past performance is not a guarantee of future results.

Other Assets Report

Positions reflected in the other assets are securities for which we have insufficient data to properly show analysis. Assets reflected provide a description, quantity, and market value and may be classified as either equity, fixed income, cash, or other

Internal Accounts are carried by First Clearing Corporation, Member NYSE/SIPC

Wachovia Securities is the trade name used by two separate, registered broker-dealers and non-bank affiliates of Wachovia Corporation providing certain retail securities brokerage services: Wachovia Securities, LLC, member NYSE/SIPC, and Wachovia Securities Financial Network, LLC, member NASD/SIPC.

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## **AGENDA ITEM SUMMARY**

### ***Item Description***

Information regarding "local health departments" pursuant to the discussion at the UCIP Board of Trustees meeting on February 16.

### ***Background, Discussion***

The current Board Policy reads " County health departments and multi-county health departments are eligible for coverage, either through the member county or as a separate, non-voting insured, provided the organization of the health department is established under Title 26A of the Utah Code.

This policy was adopted on January 15, 2004, to clarify the intent of the Board to provide coverage to local health departments, following a decision by the State to not continue providing coverage to them.

At the time the Board approved making coverage available to health departments, UCIP did not have a Workers' Compensation program. Obviously, the Board's intent was to make property and liability available to the departments.

Attached is a report on the two forms of local health departments.

### ***Recommendation***

Staff recommends the offering of Workers' Compensation to local health departments.



There are two types of local health departments: county health department and multicounty health department.

Primary difference between a county and multicounty is that the multicounty is created by an interlocal agreement entered into by the forming counties. Each county participating appoints its board members and may remove for cause the appointed board member prior to expiration of the appointed term. The local health officer is appointed by the board subject to ratification by the counties executive officers and any interlocal agreement requirements.

Department	UCIP ML	UCIP WC
Davis	Yes*	No
Salt Lake Valley	No	No
Summit	No	No
Tooele	Yes	No
Utah	Yes*	Yes*
Wasatch	Yes	No
<u>Multicounty</u>		
Bear River	Yes	No
Central	Yes	No
Southeast	Yes	No
Southwest	Yes	No
TriCounty	Yes	Yes**
Weber-Morgan	Yes	No

\*Covered under the County's coverage agreement

\*\* Covered under Uintah County's WC coverage



**26A-1-109. Local boards of health -- Membership -- Organization -- Meetings.**

(1) A local health department shall have a board of health with at least three members.

(a) (i) Board members shall be appointed pursuant to county ordinance or interlocal agreement by the counties creating the local health department.

(ii) The board may include representatives from the municipalities included within the area served by the local health department.

(b) The board shall be nonpartisan.

(c) An employee of the local health department may not be a board member.

(2) (a) As possible, of the initial board:

(i) 1/3 shall serve a term of one year;

(ii) 1/3 shall serve a term of two years; and

(iii) 1/3 shall serve a term of three years.

(b) All subsequent appointments shall be for terms of three years and shall be made, as possible, so 1/3 of the terms of office of those serving on the board expire each year. Members appointed to fill vacancies shall hold office until expiration of the terms of their predecessors.

(c) Board members may be removed by the appointing county for cause prior to the expiration of the member's term. Any board member removed pursuant to this Subsection (2) may request and receive a hearing before the county legislative body prior to the effective date of the removal.

(3) (a) All members of the board shall reside within the boundaries of the area served by the local health department.

(b) A majority of the members may not:

(i) be primarily engaged in providing health care to individuals or in the administration of facilities or institutions in which health care is provided;

(ii) hold a fiduciary position or have a fiduciary interest in any entity involved in the provision of health care;

(iii) receive either directly or through a spouse more than 1/10 of the member's gross income from any entity or activity relating to health care; and

(iv) be members of one type of business or profession.

(4) (a) The board shall at its organizational meeting elect from its members a chairman and a vice chairman and secretary.

(b) The health officer of the local health department appointed pursuant to Section **26A-1-110** may serve as secretary to the board.

(5) (a) (i) Regular meetings of the board shall be held not less than once every three months.

(ii) Special meetings may be called by the chairman, the health officer, or a majority of the members at any time on three days' notice by mail, or in case of emergency, as soon as possible after the members of the board have been notified.

(b) A board may adopt and amend bylaws for the transaction of its business. A majority of the board members constitute a quorum.

(c) Members serve without compensation, but shall be reimbursed for actual and necessary traveling and subsistence expenses when absent from their place of residence in attendance at authorized meetings.

(d) All meetings are presumed to have been called and held in accordance with this section and all orders and proceedings are presumed to be authorized unless the contrary is

proved.

(6) The board shall annually report the operations of the local health department and the board to the local governing bodies of the municipalities and counties served by the local health department.

(7) The board shall annually send a copy of the local health department's approved budget to the





department and all local governing bodies of the municipalities and counties served by the local health department. The report shall be submitted no later than 30 days after the beginning of the local health department's fiscal year.

(8) The board shall determine the general public health policies to be followed in administration of the local health department and may adopt and enforce public health rules, regulations, and standards necessary to implement the board's public health policies. The board shall adopt written procedures to carry out the provisions of this section.

Amended by Chapter 249, 2002 General Session

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[Sections in this Chapter](#)|[Chapters in this Title](#)|[All Titles](#)|[Legislative Home Page](#)

*Last revised: Friday, April 29, 2005*



**26A-1-110. Local health officer -- Powers and duties -- Vacancy.**

(1) The board shall appoint a local health officer and determine the officer's compensation:

(a) subject to ratification by the county executive of the county or counties in the local health department; and

(b) as provided by:

(i) ordinance adopted by a county creating a county health department; or

(ii) the interlocal agreement pursuant to which a multicounty health department is created.

(2) The local health officer shall:

(a) have the qualifications of training and experience for that office equivalent to those approved by the department for local health officers;

(b) be the administrative and executive officer of the local health department and devote full time to the duties of the office;

(c) if provisions have been made with the department, act as the local registrar of vital statistics within the local health department's boundaries without additional compensation or payment of fees provided by law;

(d) (i) prior to the beginning of each fiscal year, prepare an annual budget approved by the board and present it:

(A) to the county legislative body if the local health department is a county health department; or

(B) to the entity designated in the interlocal agreement creating the local health department if the local health department is a multicounty health department; and

(ii) obtain final approval of the annual budget from the governing bodies designated in Subsection (2)(d)(i)(A) or (B) after the governing body either:

(A) reviews and approves the budget; or

(B) amends and approves the budget; and

(e) prepare an annual report and provide it to the department and all counties in the local health department.

(3) The report under Subsection (2)(e) shall contain a copy of the independent financial audit required under Section **26A-1-115**, a description of the population served by the local health department, and other information as requested by the board or the county or counties creating the local health department.

(4) In the absence or disability of the local health officer, or if there is a vacancy in that office, the board shall appoint an acting health officer for a temporary period not to exceed one year. The appointment shall be ratified by the county executive of the county or counties in the local health department.

Amended by Chapter 131, 2003 General Session

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*Last revised: Friday, April 29, 2005*



# **CEO REPORT**

**Report Date: April 18, 2006**

**Period covered by report: from February 16, 2005 to April 17, 2006**

## **BOARD INFORMATION ITEMS**

1. PRIMA Conference is in Las Vegas June 11-14.
2. The AGRIP Fall Governance Conference in New York City is October 9-11. For Saturday, October 7, the Marriott Marquis is completely sold out.

## **COMMITTEE MEETINGS**

1. Litigation Management Committee met on April 12.

## **TRAINING**

1. Facilities Maintenance Conference was held February 23.
2. Planning and Zoning Conference was held April 6.
3. Insurance Coordinator's training was held April 18.
4. Personnel Workshop is scheduled for May 18-19.

## **MARKETING**

1. Health insurance proposal delivered to Emery County. Emery County is a July 1 renewal.

## **CLAIMS**

1. Workers' Compensation claims report is attached. Page one summarizes all claims for 2006 to date. Page two has all claims for all years. Gross claims development through the first three months of 2006 is \$120,685. We currently have 61 open medical only claims and 5 open indemnity claims with a 2006 date of loss.





For all years we currently have open 109 medical only claims and 37 open indemnity claims. Total incurred is \$2.2 million with a 73% loss ratio.

We will review all claims over \$25,000 in closed session.

2. Multiline claims report is attached.

In the current multiline accident year beginning January 1, 2006, we have incurred losses of \$251,643. This includes the UCIP auto loss. Our loss ratio thus far is at 24%

In the all years' report, we currently have open 168 claims, including 31 open in 2006. Although not shown on this report, incurred for all open claims is \$4,700,000.

We will have a review of large claims in the closed session.

### **LEGISLATIVE ITEMS**

SB 113 required a study to create a catastrophe fund for local governments. The three Utah pools and several large self-insured cities, along with Salt Lake County, met on April 11 and 12 to prepare for and meet with the new State Risk Manager, who has responsibility for coordinating the study and getting it to the interim committee by July 1.

Recommendations were:

1. Create a state-wide uniform levy to fund the catastrophe fund (1/10 of a mill would generate \$2.8 million)
2. Use the state's Board of Examiners to adjudicate claims
3. Catastrophe fund for equity, limit attorney fees

UCIP spent approximately \$1,500 for lobbyist expenses related to SB 113, SB 170, and HB 9.



**COUNTY REINSURANCE LIMITED**

CRL has been studying the possibility of adding property reinsurance to their list of programs. I am on a committee considering this option. At CRL's Spring meeting May 3-5, the Board will finally decide if offering property reinsurance will be an option.



**UTAH COUNTIES INSURANCE POOL**  
**Workers' Compensation Report**  
This Year as of 3/31/06

COUNTY	PREMIUM 2006	NUMBER OF CLAIMS YEAR TO DATE						TOTALS			LOSS RATIO		
		Medical Only			Indemnity			Paid	Reserves	Incurred			
		Open	Closed	Paid	Incurred	Paid	Expense						
Cache	\$115,129	4	2	\$2,548	\$8,200	0	0	\$0	\$0	\$2,555	\$5,652	\$8,200	28.49%
Carbon	\$118,015	5	2	\$641	\$4,993	0	0	\$0	\$0	\$679	\$4,353	\$4,993	16.92%
Daggett	\$26,922	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Duchesne	\$62,296	2	8	\$0	\$700	0	0	\$0	\$0	\$0	\$700	\$700	4.49%
Emery	\$64,721	0	2	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Garfield	\$32,355	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Grand	\$40,504	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Iron	\$88,336	7	5	\$594	\$7,400	0	0	\$0	\$0	\$618	\$6,806	\$7,400	33.51%
Juab	\$26,135	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Kane	\$31,232	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Millard	\$92,653	0	0	\$0	\$4,500	1	0	\$306	\$4,327	\$306	\$8,521	\$8,827	38.11%
Morgan	\$23,180	1	0	\$0	\$2,500	0	0	\$0	\$0	\$0	\$2,500	\$2,500	43.14%
Piute	\$6,757	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Rich	\$11,411	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
San Juan	\$61,925	4	2	\$281	\$6,200	0	0	\$0	\$0	\$312	\$5,919	\$6,200	40.05%
Sanpete	\$27,538	1	0	\$0	\$2,500	0	0	\$0	\$0	\$0	\$2,500	\$2,500	36.31%
Sevier	\$31,838	4	0	\$524	\$3,300	0	0	\$0	\$0	\$556	\$2,776	\$3,300	41.46%
Summit	\$97,394	4	0	\$142	\$6,100	0	0	\$0	\$0	\$142	\$5,958	\$6,100	25.05%
Tooele	\$114,640	5	0	\$103	\$9,200	2	0	\$32	\$380	\$138	\$9,445	\$9,580	33.43%
Uintah	\$117,473	4	1	\$1,010	\$14,472	1	0	\$822	\$5,048	\$1,840	\$17,688	\$19,520	66.47%
Utah	\$218,826	9	6	\$1,280	\$24,790	1	0	\$993	\$8,274	\$2,293	\$30,791	\$33,064	60.44%
Wasatch	\$97,947	1	0	\$1,050	\$1,500	0	0	\$0	\$0	\$1,058	\$450	\$1,500	6.13%
Wayne	\$6,691	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
Weber	\$433,808	10	4	\$823	\$6,300	0	0	\$0	\$0	\$831	\$5,477	\$6,300	5.81%
Wasatch MH	\$48,156	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	0.00%
TOTALS	\$1,995,883	61	32	\$8,996	\$102,655	5	0	\$2,154	\$18,030	\$11,327	\$109,536	\$120,685	24.19%



**UTAH COUNTIES INSURANCE POOL**  
**Workers' Compensation Report**  
All Years as of 3/31/06

COUNTY	EFFECTIVE DATE	PREMIUMS			NUMBER of CLAIMS						TOTAL INCURRED			LOSS RATIO			
		2004	2005	2006	Medical Only			Indemnity			2004	2005	2006 as of 3/31/06				
					Open	Closed	Incurred	Open	Closed	Incurred					Expense		
Cache	7/1/2004	\$34,560	\$96,747	\$115,129	9	47	\$143,032	\$100,236	5	2	\$27,548	\$7,578	\$4,162	\$45,978	\$120,557	\$8,207	109.15%
Carbon	1/1/2004	\$90,781	\$90,781	\$118,015	9	36	\$110,554	\$98,136	2	2	\$25,989	\$23,350	\$5,639	\$124,912	\$12,239	\$5,031	67.36%
Daggett	1/1/2004	\$13,232	\$23,010	\$26,922	1	6	\$1,563	\$1,063	0	0	\$0	\$0	\$92	\$436	\$1,219	\$0	3.85%
Duchesne	1/1/2004	\$35,820	\$49,837	\$62,296	4	17	\$19,498	\$17,970	0	1	\$1,925	\$1,925	\$206	\$18,233	\$2,686	\$700	21.36%
Emery	1/1/2004	\$49,785	\$49,785	\$64,721	1	15	\$36,613	\$36,357	0	3	\$22,249	\$22,249	\$1,908	\$52,928	\$8,142	\$0	52.76%
Garfield	1/1/2004	\$22,047	\$27,654	\$32,355	0	9	\$6,125	\$6,125	0	1	\$5,232	\$5,232	\$429	\$3,691	\$8,094	\$0	20.39%
Grand	1/1/2004	\$25,504	\$34,619	\$40,504	2	14	\$21,963	\$21,444	0	1	\$2,808	\$2,808	\$1,507	\$2,485	\$23,792	\$0	37.41%
Iron	1/1/2004	\$62,704	\$74,232	\$88,336	11	46	\$41,708	\$28,471	1	3	\$6,144	\$2,144	\$1,288	\$24,841	\$20,374	\$7,424	33.10%
Juab	1/1/2004	\$23,557	\$22,338	\$26,135	1	6	\$17,351	\$11,346	2	1	\$626,801	\$28,801	\$6,046	\$4,035	\$646,234	\$0	1240.29%
Kane	1/1/2004	\$10,547	\$26,694	\$31,232	1	7	\$2,687	\$2,287	0	1	\$2,446	\$2,446	\$49	\$711	\$4,471	\$0	11.50%
Millard	1/1/2004	\$54,271	\$79,191	\$92,653	0	32	\$33,418	\$28,918	1	1	\$5,000	\$979	\$1,183	\$15,981	\$14,792	\$8,827	25.28%
Morgan	1/1/2004	\$14,966	\$19,479	\$23,180	0	3	\$89,770	\$71,870	2	0	\$23,920	\$0	\$6,479	\$2,522	\$115,147	\$2,500	298.63%
Piute	2/1/2004	\$3,800	\$5,678	\$6,757	0	0	\$0	\$0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Rich	2/1/2004	\$4,085	\$9,129	\$11,411	0	2	\$16,398	\$16,398	0	2	\$914	\$914	\$678	\$15,371	\$2,619	\$0	111.97%
San Juan	1/1/2004	\$26,820	\$49,540	\$61,925	4	32	\$60,512	\$46,394	2	7	\$27,260	\$13,326	\$2,385	\$28,979	\$54,947	\$6,230	98.17%
Sanpete	1/1/2004	\$21,096	\$21,183	\$27,538	1	4	\$44,459	\$36,540	1	0	\$18,346	\$8,087	\$3,804	\$66,274	\$527	\$2,500	140.96%
Sevier	1/1/2004	\$21,791	\$24,491	\$31,838	5	14	\$37,214	\$27,488	1	4	\$9,530	\$7,481	\$2,107	\$30,901	\$14,617	\$3,332	90.06%
Summit	1/1/2005	\$0	\$83,243	\$97,394	6	19	\$17,098	\$6,761	0	0	\$0	\$0	\$549	\$0	\$11,546	\$6,100	16.40%
Tooele	1/1/2005	\$0	\$97,983	\$114,640	5	18	\$68,923	\$40,684	7	4	\$25,475	\$19,488	\$4,235	\$0	\$89,050	\$9,582	77.88%
Uintah	1/1/2004	\$80,020	\$93,978	\$117,473	6	45	\$65,067	\$50,922	1	3	\$10,744	\$6,518	\$4,889	\$44,114	\$17,058	\$19,528	39.68%
Utah	4/1/2004	\$126,850	\$187,031	\$218,826	21	121	\$181,105	\$115,153	6	9	\$49,687	\$22,622	\$9,655	\$84,518	\$122,846	\$33,084	65.23%
Wasatch	1/1/2005	\$0	\$83,715	\$97,947	3	6	\$4,384	\$2,168	0	0	\$0	\$0	\$87	\$0	\$2,964	\$1,507	4.13%
Wayne	1/1/2004	\$5,719	\$5,719	\$6,691	0	1	\$15,955	\$9,828	1	0	\$12,950	\$2,464	\$701	\$158	\$29,448	\$0	225.81%
Weber	6/1/2004	\$178,296	\$370,776	\$433,808	15	108	\$148,620	\$112,590	5	4	\$38,213	\$23,685	\$7,071	\$30,278	\$157,319	\$6,308	29.49%
Wasatch MH	7/1/2005	\$0	\$24,078	\$48,156	4	3	\$14,210	\$7,538	0	0	\$0	\$0	\$719	\$0	\$14,928	\$0	41.33%
TOTALS		\$906,251	\$1,650,911	\$1,995,883	109	611	\$1,198,226	\$896,687	37	49	\$943,181	\$202,098	\$65,869	\$597,347	\$1,495,619	\$120,861	72.44%



# UTAH COUNTIES INSURANCE POOL

## Multiline Claims Report

YTD as of 3/31/06

COUNTY	PREMIUM	NUMBER of CLAIMS YTD		TOTAL PAID	TOTAL RESERVES	TOTAL INCURRED	LOSS RATIO
		Open	Closed				
Beaver	61,521	1	0	0	500	500	3%
Box Elder	173,314	1	0	0	3,000	3,000	7%
Cache	203,591	0	1	1,719	0	1,719	3%
Carbon	139,908	2	2	2,130	2,764	4,895	14%
Daggett	41,036	0	0	0	0	0	0%
Davis	372,150	1	1	674	1,500	2,174	2%
Duchesne	120,698	2	2	27,098	11,843	38,942	129%
Emery	159,975	0	1	447	0	447	1%
Garfield	60,647	0	0	0	0	0	0%
Grand	95,233	0	0	0	0	0	0%
Iron	155,218	0	0	0	0	0	0%
Juab	108,545	2	2	7,148	1,901	9,049	33%
Kane	74,969	0	0	0	0	0	0%
Millard	139,835	0	0	0	0	0	0%
Morgan	48,946	1	1	638	5,000	5,638	46%
Piute	22,501	0	0	0	0	0	0%
Rich	44,761	0	0	0	0	0	0%
San Juan	153,145	0	0	0	0	0	0%
Sanpete	62,727	1	2	3,735	1,500	5,235	33%
Sevier	84,943	0	1	2,672	0	2,672	13%
Tooele	203,102	1	1	1,506	1,000	2,506	5%
Uintah	198,815	3	2	24,923	3,655	28,578	57%
Utah	447,677	4	7	50,293	3,878	54,171	48%
Wasatch	200,290	0	2	5,275	0	5,275	11%
Washington	233,638	1	4	5,341	10,000	15,341	26%
Wayne	40,897	0	0	0	0	0	0%
Weber	456,521	8	6	10,784	29,817	40,601	36%
UCIP	5,178	2	0	15,968	9,232	25,200	1947%
Bear River HD	18,674	0	0	0	0	0	0%
Central HD	10,916	0	0	0	0	0	0%
Southeast HD	12,696	0	0	0	0	0	0%
Southwest HD	15,384	0	0	0	0	0	0%
Tooele HD	5,939	0	0	0	0	0	0%
Tri-County	8,603	0	0	0	0	0	0%
Wasatch HD	3,407	1	0	5,467	233	5,700	669%
Weber-Morgan	14,989	0	0	0	0	0	0%
<b>TOTALS</b>	<b>\$4,200,389</b>	<b>31</b>	<b>35</b>	<b>144,384</b>	<b>85,824</b>	<b>251,643</b>	<b>24%</b>



# UTAH COUNTIES INSURANCE POOL Multiline Claims Report All Years as of 3/31/06

	Number of Claims			Total Incurred															
	Open	Closed		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Beaver	4	77		1,454	2,972	7,397	7,953	30,644	15,356	11,783	28,992	10,862	26,351	5,863	6,906	25,534	44,938	500	227,465
Box Elder	6	236		7,960	153,460	53,712	51,568	11,367	23,292	10,189	3,262	115,023	48,523	277,398	114,355	24,283	657,813	3,000	1,555,205
Cache	10	270		223,764	274,008	140,866	28,527	81,914	35,366	16,318	17,547	99,369	211,886	62,267	59,260	148,862	123,565	1,719	1,519,238
Carbon	3	63		0	0	0	0	0	0	121,825	30,953	2,389	355,226	22,243	18,193	6,189	13,899	4,895	575,811
Daggett	0	17		0	0	0	0	0	0	0	0	2,337	0	23,500	9,680	57,189	35,197	0	127,903
Davis	13	660		73,363	256,424	223,267	111,543	243,774	382,198	71,179	116,748	62,674	130,611	130,552	193,378	217,535	50,355	2,174	2,265,774
Duchesne	9	149		22,926	76,176	20,774	24,684	13,122	41,632	7,319	76,518	0	49,719	41,242	309,013	44,130	32,051	38,942	798,248
Emery	2	108		82,379	32,961	83,281	8,032	29,143	50,376	23,305	7,079	6,044	6,793	12,759	200,526	24,172	15,880	447	583,176
Garfield	1	40		5,000	938	2,477	33,445	10,104	0	9,873	0	295	0	14,785	11,963	11,640	26,716	0	127,237
Grand	2	117		6,812	43,012	2,938	2,947	60,804	714	30,145	19,438	33,324	21,713	2,336	406,173	8,620	2,419	0	641,395
Iron	7	142		911	289,361	128,551	14,643	2,917	8,793	96,256	4,339	19,653	85,042	95,048	101,919	28,121	36,129	0	911,683
Juab	2	54		0	32,718	67,707	5,631	22,838	17,236	172,902	5,501	16,155	33,471	14,661	140	584	8,896	9,049	407,488
Kane	2	63		0	0	7,777	6,992	4,493	0	135,261	4,143	22,024	14,790	28,992	22,578	38,801	4,492	0	290,342
Millard	2	147		0	2,669	21,738	90,408	40,832	8,821	99,179	22,767	42,468	10,134	40,487	21,171	29,980	19,850	0	450,505
Morgan	3	15		0	0	0	0	0	0	0	0	0	0	0	0	39,759	880	5,638	46,277
Piute	1	4		0	0	0	0	0	0	0	0	849	6,875	20,000	0	0	0	0	34,048
Rich	2	15		777	800	1,630	5,788	1,947	0	10,407	300,000	0	0	480	0	16,000	4,437	0	343,115
San Juan	4	156		52,355	21,010	8,957	58,771	19,226	5,522	94,754	40,475	27,928	40,922	4,017	128,676	482,415	8,167	0	993,195
Sanpete	6	104		79,147	15,711	17,474	117,040	5,299	1,776	2,075	28,068	32,904	17,424	26,932	11,869	1,006	22,145	5,235	384,106
Sevier	4	105		7,604	8,879	22,863	7,316	2,837	14,415	16,907	1,530	14,861	2,434	223,746	6,976	41,358	37,352	2,672	411,752
Tooele	4	115		42,882	215,726	75,689	29,067	0	0	0	0	0	0	0	0	38,467	262,113	2,506	666,450
Uintah	12	197		185,199	39,623	202,953	46,706	61,641	84,256	40,240	61,638	6,349	84,110	457,791	91,945	85,689	73,690	28,578	1,550,408
Utah	29	586		154,286	125,687	191,225	152,602	134,502	214,695	301,890	104,271	98,616	351,249	26,186	195,054	396,193	405,744	54,171	2,906,370
Wasatch	10	116		15,946	17,620	160,236	53,121	74,388	357,315	3,649	181,369	14,758	32,988	260,749	47,161	70,533	48,579	5,275	1,343,685
Washington	12	298		165,231	64,911	112,514	53,944	41,792	7,024	169,317	159,102	14,761	53,525	41,890	405,515	131,028	48,115	15,341	1,484,010
Wayne	1	16		1,202	0	202	0	23,831	569	23,849	0	0	0	55,786	644	0	623	0	106,707
Weber	14	395		0	0	0	0	0	0	39,412	437,888	512,219	513,310	67,585	229,908	477,420	67,216	40,601	2,385,559
UCIP	2	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,200	25,200
Bear River HD	0	1		0	0	0	0	0	0	0	0	0	0	0	0	1,692	0	0	1,692
Central HD	0	1		0	0	0	0	0	0	0	0	0	0	0	0	3,312	0	0	3,312
Southeast HD	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Southwest HD	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tooele HD	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TriCounty HD	0	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	16,164	0
Wasatch HD	1	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,700	0
Weber-Morgan HD	0	4		0	0	0	0	0	0	0	0	0	0	0	0	978	2,106	0	3,084
Total	168	4,272		1,129,196	1,674,665	1,554,228	910,728	924,589	1,269,357	1,508,033	1,651,588	1,149,862	2,097,095	1,957,295	2,596,314	2,448,178	2,069,531	251,643	23,192,303



# UTAH COUNTIES INSURANCE POOL

## Multiline Claims Report

All Years as of 3/31/06

	Premiums														Loss Ratio	
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
52,448	59,488	62,415	58,398	59,350	57,972	60,076	62,378	65,378	69,954	68,196	70,907	70,907	70,907	60,785	61,521	878,651
147,397	154,421	161,435	171,728	205,051	199,334	192,759	173,386	169,078	167,505	164,987	160,800	163,471	163,471	164,995	173,314	2,396,347
141,388	148,126	155,132	182,941	217,715	222,812	217,311	201,590	194,768	194,552	187,070	198,194	211,900	211,900	198,563	203,591	2,672,062
0	0	0	0	0	0	0	19,538	78,156	77,154	82,555	95,953	111,413	119,539	137,757	139,908	722,065
0	0	0	0	0	0	0	0	0	39,500	36,735	36,633	41,250	41,793	40,545	41,036	236,476
203,457	213,153	222,835	258,907	281,131	301,205	314,277	323,357	345,992	370,211	431,197	430,230	430,230	430,230	367,700	372,150	4,493,882
89,256	93,510	97,757	91,464	95,455	98,610	99,079	99,203	104,173	111,465	114,153	94,179	119,029	119,029	119,255	120,698	1,426,587
180,429	189,028	197,613	223,434	227,427	218,543	207,432	190,885	177,523	165,096	158,320	163,980	163,980	163,980	158,062	159,975	2,621,752
47,724	49,998	52,269	59,711	64,768	69,109	66,532	62,825	64,368	64,364	64,670	68,171	68,171	68,171	59,922	60,647	862,602
74,960	78,532	82,099	86,330	87,925	93,663	92,749	86,681	83,415	81,599	81,159	92,354	92,354	92,354	91,290	95,233	1,205,110
101,817	106,669	111,514	130,435	168,363	166,260	159,345	147,452	143,039	140,837	138,724	138,399	151,767	151,767	153,363	155,218	1,957,984
7,091	66,963	76,026	82,413	87,377	86,154	82,601	88,393	94,570	103,685	115,543	121,785	121,785	121,785	107,247	108,545	1,119,838
30,904	65,070	69,654	65,171	66,234	64,211	61,361	55,592	58,795	62,911	68,292	75,166	80,309	80,309	74,072	74,969	897,743
0	93,012	97,237	90,977	92,461	94,236	97,684	98,702	105,566	112,956	129,444	145,870	145,870	145,870	138,163	139,835	1,442,179
0	0	0	0	0	0	0	0	0	0	0	0	55,504	55,504	48,361	48,946	159,370
13,802	14,460	15,116	14,144	14,375	15,436	16,688	17,502	18,727	20,038	21,479	24,950	24,950	24,950	22,232	22,501	253,899
35,000	36,668	38,333	35,866	36,451	38,797	38,492	36,229	35,251	37,073	36,931	42,009	44,138	44,138	44,226	44,761	535,464
85,264	89,327	93,384	106,680	108,595	115,861	120,895	126,700	133,907	143,280	149,915	165,655	165,655	165,655	149,487	153,145	1,754,605
72,363	75,812	79,255	90,537	101,226	97,316	92,364	86,520	83,655	80,766	79,315	82,776	82,776	82,776	61,977	62,727	1,166,657
70,103	73,444	76,780	71,836	73,007	79,236	74,564	71,331	70,543	73,361	74,030	81,720	84,987	84,987	83,927	84,943	1,058,870
161,445	169,139	176,821	203,375	0	0	0	0	0	0	0	0	0	182,679	182,679	203,102	1,076,138
95,690	100,250	104,804	124,631	161,373	172,929	181,084	190,368	182,821	189,386	184,522	184,482	184,482	184,482	187,388	198,815	2,244,211
183,749	197,906	207,163	238,272	274,562	303,934	317,837	323,894	346,567	370,827	414,951	466,001	490,563	490,563	442,324	447,677	4,578,550
73,708	77,242	80,750	91,302	108,024	116,718	122,586	126,649	125,797	134,603	158,244	178,120	178,120	178,120	197,895	200,290	1,769,758
124,196	130,115	136,025	158,044	193,030	195,913	201,767	180,979	176,172	176,543	183,409	234,403	241,739	241,739	230,845	233,638	2,563,179
24,441	33,623	35,549	33,261	33,803	36,176	37,696	39,475	40,968	41,209	39,014	40,448	42,293	42,293	40,408	40,897	518,364
0	0	0	0	0	0	0	131,874	219,831	235,219	251,684	392,513	451,062	451,062	518,721	456,521	2,651,967
0	0	0	0	0	0	0	0	0	0	0	0	973	1,420	5,116	5,178	12,687
0	0	0	0	0	0	0	0	0	0	0	0	8,979	17,957	17,957	18,674	44,893
0	0	0	0	0	0	0	0	0	0	0	0	5,393	10,785	10,785	10,916	37,879
0	0	0	0	0	0	0	0	0	0	0	0	6,272	12,544	12,544	12,696	44,056
0	0	0	0	0	0	0	0	0	0	0	0	7,600	15,200	15,200	15,384	53,384
0	0	0	0	0	0	0	0	0	0	0	0	2,934	5,868	5,868	5,939	20,609
0	0	0	0	0	0	0	0	0	0	0	0	4,629	8,500	8,500	8,603	30,232
0	0	0	0	0	0	0	0	0	0	0	0	1,683	3,366	3,366	3,407	11,822
0	0	0	0	0	0	0	0	0	0	0	0	7,405	14,810	14,810	14,989	52,014
2,009,541	2,256,084	2,420,903	2,663,470	2,752,739	2,845,648	3,010,144	3,082,286	3,166,759	3,274,080	3,576,825	3,959,456	4,176,336	4,300,502	4,420,389	4,571,885	52%





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## FINANCIAL STATEMENTS

Month Ending March 31, 2006

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions of the Utah Counties Insurance Pool as of 3/31/06 and accompanying notes to basic financial statements.

Sonya White  
Manager of Administration  
801-565-8500  
[sonya@ucip.utah.gov](mailto:sonya@ucip.utah.gov)

Reviewed this 17 day of April, 2006

By: 



## UTAH COUNTIES INSURANCE POOL

Balance Sheet  
March 31, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Cash &amp; Cash Equivalents</b>		
PTIF	2,484,490.09	2,960,168.29
Expense	4,638.33	27,554.27
Claims	2,610.22	2,301.78
HRA	7,271.34	6,311.58
Restricted	16,491.71	0.00
UBS Securities	110,175.55	0.00
WF Securities	71,208.38	798,348.84
EB Expense	8,893.99	0.00
WC Expense	-2,967.10	5,561.36
WC Claims	161.31	21,579.60
Total Cash	2,702,973.82	3,821,825.72
<b>Receivables</b>		
Accounts Receivable	33,324.29	47,410.60
Total Receivables	33,324.29	47,410.60
<b>Investments</b>		
Restricted	1,114,150.84	1,112,721.40
Restricted CRL Capital	284,654.00	190,247.00
Unrestricted	9,112,925.16	6,559,955.00
Total Investments	10,511,730.00	7,862,923.40
<b>Fixed Assets</b>		
Capital	150,090.00	38,763.50
Depreciation	-72,544.00	-2,381.00
Total Fixed	77,546.00	36,382.50
Total Assets	13,325,574.11	11,768,542.22
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
IBNR Reserves	3,235,630.00	3,213,657.22
Loss Reserves	2,260,416.06	
Payroll Liabilities	2,747.68	11,187.42
Sick Leave Payable	25,482.35	22,961.00
Vacation Payable	10,280.25	
Total Current	5,534,556.34	3,247,805.64
<b>Equity</b>		
Restricted Building	89,579.20	103,849.93
Restricted Automobile	40,094.00	48,420.00
Unrestricted	7,661,344.57	8,368,466.65
Total Long Term	7,791,017.77	8,520,736.58
Total Liabilities	13,325,574.11	11,768,542.22

## CASH BASIS

**UTAH COUNTIES INSURANCE POOL**  
**Multiline Budget to Actual Comparison**  
**For the Month Ending March 31, 2006**

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
<b>Revenue</b>				
Premiums Written	4,181,677.00	4,200,389.57	18,712.57	100.45%
Risk Management Program Credit	-157,500.00	0.00	157,500.00	0.00%
Investment Income	350,000.00	132,464.22	-217,535.78	37.85%
Total Revenue	4,374,177.00	4,332,853.79	-41,323.21	99.06%
<b>Losses and Loss Expenses</b>				
Losses	2,507,183.00	179,133.79	-2,328,049.21	7.15%
Reinsurance	998,241.00	1,018,241.00	20,000.00	102.00%
Total Loss Expenses	3,505,424.00	1,197,374.79	-2,308,049.21	34.16%
<b>Administration Expenses</b>				
Accounting	2,000.00	19.50	-1,980.50	0.98%
Actuarial Analysis	8,500.00	4,000.00	-4,500.00	47.06%
Total Administration	10,500.00	4,019.50	-6,480.50	38.28%
Total Losses and Expenses	3,515,924.00	1,201,394.29	-2,314,529.71	34.17%
Transfer to Administration Budget	858,253.00	214,563.25	-643,689.75	25.00%
<b>Equity / Reserves</b>				
Automobile	40,094.00			
Building Debt Service	61,409.20			
Building Repairs & Replacement	28,170.00			
Capital (CRL)	205,245.00			
Total Designated Reserves	334,918.20			

**Note:**  
This year is 25.00% complete

## CASH BASIS

**UTAH COUNTIES INSURANCE POOL**  
 Workers' Compensation Budget to Actual Comparison  
 For the Month Ending March 31, 2006

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
<b>Revenue</b>				
Premiums Written	2,026,010.00	1,996,329.00	-29,681.00	98.54%
Loss Control Program Credit	-20,000.00	0.00	20,000.00	0.00%
Investment Income	12,000.00	3,000.00	-9,000.00	25.00%
Total Revenue	2,018,010.00	1,999,329.00	-18,681.00	99.07%
<b>Losses and Loss Expenses</b>				
Losses	1,191,311.00	7,003.07	-1,184,307.93	0.59%
Reinsurance	342,121.00	345,605.00	3,484.00	101.02%
Third Party Administrator	150,000.00	3,796.82	-146,203.18	2.53%
Total Loss Expenses	1,683,432.00	356,404.89	-1,327,027.11	21.17%
<b>Administration Expenses</b>				
Accounting	2,000.00	0.00	-2,000.00	0.00%
Actuarial Analysis	8,500.00	3,974.50	-4,525.50	46.76%
Consultant	18,000.00	4,500.00	-13,500.00	25.00%
Self-Insurer's Bond	37,500.00	36,155.00	-1,345.00	96.41%
Self-Insurer's Tax	70,000.00	53,624.00	-16,376.00	76.61%
Total Administration	136,000.00	98,253.50	-37,746.50	72.25%
Total Losses and Expenses	1,819,432.00	454,658.39	-1,364,773.61	24.99%
Transfer to Administration Budget	198,578.00	49,644.50	-148,933.50	25.00%
<b>Equity / Reserves</b>				
Capital (CRL)	79,409.00			
Total Equity	79,409.00			

**Note:**  
 This year is 25.00% complete

**UTAH COUNTIES INSURANCE POOL**  
Administration Budget to Actual Comparison  
For the Month Ending March 31, 2006

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
<b>Transfers</b>				
Multiline	858,253.00	214,563.25	-643,689.75	25.00%
Workers' Compensation	198,578.00	49,644.50	-148,933.50	25.00%
Total Transfers	1,056,831.00	264,207.75	-792,623.25	25.00%
<b>Administration Expenses</b>				
Automobile Expense	9,500.00	2,714.12	-6,785.88	28.57%
Automobile Reserve	25,000.00	25,000.00	0.00	100.00%
Bank Charges	300.00	1.00	-299.00	0.33%
Board Expense	45,000.00	3,424.07	-41,575.93	7.61%
Building Lease	70,000.00	10,638.91	-59,361.09	15.20%
Building Maintenance & Repairs	10,000.00	0.00	-10,000.00	0.00%
Copying Costs	3,000.00	1,155.00	-1,845.00	38.50%
Dues / Subscriptions	4,000.00	2,328.00	-1,672.00	58.20%
Exhibiting & Sponsorship	17,000.00	2,472.50	-14,527.50	14.54%
Fees & Licensing	1,000.00	52.00	-948.00	5.20%
Incentives	5,000.00	0.00	-5,000.00	0.00%
Information Technology	25,000.00	3,773.95	-21,226.05	15.10%
Land Use Hotline	25,000.00	598.86	-24,401.14	2.40%
Lobbying & Legislative Tracking	10,000.00	1,282.58	-8,717.42	12.83%
Loss Control / Training	40,000.00	10,255.04	-29,744.96	25.64%
Office Equipment	7,000.00	637.78	-6,362.22	9.11%
Office Insurance	5,600.00	5,625.00	25.00	100.45%
Office Supplies	7,500.00	674.22	-6,825.78	8.99%
Postage	3,000.00	897.74	-2,102.26	29.93%
Printing	2,500.00	878.11	-1,621.89	35.12%
Professional Fees	25,000.00	2,869.19	-22,130.81	11.48%
Property Placement Fee	60,000.00	60,000.00	0.00	100.00%
Staff Expenses	35,000.00	2,014.10	-32,985.90	5.76%
Staff Medical Insurance	95,490.00	21,634.54	-73,855.46	22.66%
Staff Payroll Expenses	30,258.00	10,204.22	-20,053.78	33.72%
Staff Retirement	94,651.00	22,543.31	-72,107.69	23.82%
Staff Salaries	395,532.00	97,668.29	-297,863.71	24.69%
Telephone	5,500.00	922.02	-4,577.98	16.76%
Total Administration	1,056,831.00	290,264.55	-766,566.45	27.47%

**Note:**

This year is 25.00% complete

CASH BASIS

**UTAH COUNTIES INSURANCE POOL**  
Employee Benefits Budget to Actual Comparison  
For the Month Ending March 31, 2006

	Budget	Y-T-D Actual	\$ Over Budget	% of Budget
<b>Revenue</b>				
Premiums Written	3,495,156.00	808,130.09	-2,687,025.91	23.12%
Administration	15,300.00	0.00	-15,300.00	0.00%
Investment Income	50,000.00	12,500.01	-37,499.99	25.00%
Total Revenue	3,560,456.00	820,630.10	-2,739,825.90	23.05%
<b>BENEFITS</b>				
Feasibility Study	100,000.00	0.00	-100,000.00	0.00%
Total Expenses	100,000.00	0.00	-100,000.00	0.00%
<b>Expenses</b>				
Accounting	2,000.00	0.00	-2,000.00	0.00%
Audit	2,000.00	0.00	-2,000.00	0.00%
Marketing	5,000.00	0.00	-5,000.00	0.00%
Premiums Paid	3,495,156.00	619,473.22	-2,875,682.78	17.72%
Total Expenses	3,504,156.00	619,473.22	-2,884,682.78	17.68%
Total Surplus	-43,700.00	201,156.88	244,856.88	-460.31%

**Note:**  
This year is 25.00% complete

## **UTAH COUNTIES INSURANCE POOL**

### **Notes to Basic Financial Statements**

#### **Reserves for Losses and Loss Adjustment Expenses**

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

#### **Investments**

Investments are comprised of various U.S. Government securities. Investments in U.S. Government securities for March 31, 2006 and 2005 consisted of held-to-maturity securities.

Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investment in County Reinsurance, Limited (CRL) is valued using the equity method of accounting. Under the equity method, the Pool recognizes its share in the net earnings or losses of the company as they occur rather than as dividends are received.

#### **Restricted Investments**

The investment that is restricted for Workers' Compensation is a bond that is pledged for the Workers' Compensation self-insurers' bond that the Pool was required to post with the Labor Commission to receive their self-insurers' permit.

The investment that is restricted for CRL is equity in CRL that the Pool may not access until it has been a member of CRL for at least five years. The Pool's membership in CRL began January 1, 2004. The equity is capital that CRL is required to maintain under Vermont law.

#### **Capital Assets**

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years.

Maintenance and repairs, which do not materially extend the useful lives and minor replacements, are expensed as incurred.

#### **Compensated Absences**

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable. The amounts accrued as of March 31, 2006 and 2005 was **\$35,762.60** and **\$24,509.78**, respectively.



### **Investments in Utah Public Treasurers' Investment Fund (PTIF)**

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$2,484,490.09** and **\$2,960,168.29** as of March 31, 2006 and 2005, respectively.

### **Reinsurance**

The Pool has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention up to an aggregate loss limit. The Pool has purchased reinsurance to protect against losses above these limits.

Effective 2003, the Pool has purchased only specific reinsurance coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

### **Unsecured Reinsurance Recoverables**

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Pool's policyholder surplus.

### **Reinsurance Recoverable in Dispute**

The Company does not have any disputed balances or uncollectible funds.

### **Statutory Limits – Workers' Compensation**

Effective 2004, the Pool reinsures Workers' Compensation to statutory limits about the \$300,000 self-insured retention. County Reinsurance, Limited (CRL) provides a layer of coverage \$1,700,000 excess of \$300,000 self-insured retention. Safety National reinsures to statutory limits above the \$2,000,000 provided by CRL.

### **Contingencies**

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

## Investments

The carrying amounts of investments and their fair values at March 31, 2006 and 2005 were as follows:

2006				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government Bonds	\$ 6,137,472	\$ 39,276	\$ (164,337)	\$ 6,012,411
Restricted Government Bonds	\$ 1,114,151	\$ -	\$ (9,598)	\$ 1,104,552
Restricted Equity Investment	\$ 284,654	\$ -	\$ -	\$ 284,654
<b>Total Investments</b>	<b>\$ 7,536,277</b>	<b>\$ 39,276</b>	<b>\$ (173,936)</b>	<b>\$ 7,401,618</b>

2005				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government Bonds	\$ 7,086,184	\$ 48,110	\$ (139,920)	\$ 6,994,374
Restricted Government Bonds	\$ 1,113,597	\$ -	\$ (19,002)	\$ 1,094,596
Equity Investment	\$ 284,654	\$ -	\$ -	\$ 284,654
<b>Total Investments</b>	<b>\$ 8,484,435</b>	<b>\$ 48,110</b>	<b>\$ (158,922)</b>	<b>\$ 8,373,623</b>



## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider for approval an earthquake study. Study would be used to:

- quantify and project UCIP's exposure to earthquake;
- Provide and quantify the exposure by Member;
- help select an appropriate amount of earthquake coverage.

### ***Background, Discussion***

UCIP currently purchases \$25 million of earthquake coverage. There is no justification for this amount. I have contacted the three companies that model earthquake exposure. They are RMS, AIR Worldwide, and EQECAT. I received responses from AIR and EQECAT. The AIR quote is \$15,000 and EQECAT is \$48,600. The AIR quote promises to deliver what I have asked for even though the AIR quote is less than a third of the EQECAT proposal.

### ***Recommendation***

Staff recommends approval of the AIR proposal.



June 13, 2005



Mr. Lester Nixon, CPCU  
Chief Executive Officer  
Utah Counties Insurance Pool  
5397 South Vine Street  
Salt Lake City, Utah 84107

**Subject: AIR Worldwide Catastrophe Loss Analysis Services**

Dear Lester:

It was good to see you at the PRIMA Conference. Based on our discussion, I revised the proposal that I originally drafted last November. Please let me know if I misinterpreted any part of our discussion, or if there are other AIR services that interest you.

**Overview**

UCIP is interested in quantifying its earthquake loss potential for its pool property portfolio. AIR Worldwide (AIR) proposes a Catastrophe Loss Analysis Service™ (CLAS) project. The objective of the analysis is to:

- Quantify UCIP's potential future building and building content losses due to ground shaking
- Determine the likelihood and magnitude of event/loss occurrence
- Identify the locations and counties most at risk
- Quantify the impact on loss potential given reinsurance programs under consideration

The results of the analysis will be presented in the form of tables and graphs showing the probabilities of loss of varying levels of severity that may potentially be sustained by UCIP as a result of seismic activity. The analysis will quantify potential losses on a location specific basis, on a portfolio-wide basis, and according to classifications of interest specified by UCIP (construction type, pool member, content, business interruption, etc.).

**Proposed CLAS Project Flow and Deliverables**

A typical CLAS project includes Pre-Analysis, Analysis, and Post-Analysis phases. Throughout each of these phases, AIR loss modeling consultants work closely with you and other UCIP representatives explaining catastrophe model fundamentals, interpretation of the output, and application of the findings.





### **1. Pre Analysis**

UCIP provides AIR with location specific data on their portfolio (see Required Input Data section below).

*Data & Assumption Verification:* Prior to commencing the analysis, AIR consultants review the data provided by UCIP. Omissions and discrepancies are clarified with UCIP, and where data is unavailable realistic assumptions are made based on AIR's proprietary databases of property information in the US. UCIP gives approval to proceed with the analysis after verifying the accuracy of the input.

### **2. Analysis - Ground-up loss**

The initial analysis is performed without consideration of reinsurance coverage. AIR runs the model and presents the following output:

*Exposure Overview:* Tabulates portfolio exposure on a pool member basis, or other level of detail if preferable to UCIP.

*Estimated Loss Report - Portfolio:* Provides UCIP with a probability distribution of expected earthquake losses for UCIP member properties.

*Estimated Loss Report – Location Specific:* Long-term estimated average annual earthquake loss amounts for each facility.

*Loss Costs –Location Specific:* A loss cost is based on the correlation between replacement value and estimated average annual loss. This will help UCIP identify structures exposed to losses disproportionate to their estimated replacement value. Loss cost is a metric used extensively by insurance companies to price risk.

*Large Loss Scenarios:* Five large modeled catastrophe loss scenarios will be identified for consideration. For earthquake, large loss event details include epicenter location, magnitude, loss amount, and impacted counties.

### **3. Analysis - Insured loss**

After the "ground up" loss review, UCIP will have a better understanding of their earthquake reinsurance coverage needs. To help optimize the coverage/retention decision, AIR re-runs the model incorporating three reinsurance term scenarios of UCIP's choosing. The following output is provided:

*Insurance Sensitivity Chart:* Side by side comparison of the UCIP's net loss distributions for the three reinsurance scenarios chosen.



#### **4. Post Analysis**

Once the analysis is complete, and UCIP has had time to review the final report, AIR conducts a conference call to present and discuss the output and its application to help optimize risk management decisions. Furthermore, AIR representatives are willing to address any questions concerning the report (from UCIP, your broker, or reinsurance underwriters) for up to one year after report completion to assist with the risk transfer process.

#### **Required Input Data**

To perform the CLAS project for UCIP's portfolio, AIR needs information on each structure to be modeled, provided in a data table format (MS excel, access, etc.). The level of detail provided for each location significantly enhances the quality of the output. Data requirements for each location include:

- Address
- Construction type
- Occupancy type
- Number of floors
- Year built
- Building replacement value
- Other structure replacement value
- Contents replacement value
- Business interruption costs

If this data is not available for each location assumptions can be made based on AIR's extensive database of property information for the State of Utah. Additional, more detailed, structural information can be incorporated into the analysis if available. Of particular value for earthquake analyses are the following:

- Building condition
- Building shape

#### **Schedule and Fees**

It is typical for CLAS projects to take between four to six weeks depending on the cleanliness and detail of the exposure data. Below are the professional fees for the CLAS project outlined in this proposal.

<b>CLAS Service</b>	<b>Professional Fees</b>
Earthquake Model Analysis	\$15,000



## Summary

Lester, I hope that I managed to capture the scope of our discussions while in Milwaukee. In short, as a result of accepting this proposal, you will:

- Have a more complete understanding of UCIP's exposure to earthquake risk
- Know the likelihood of different levels of loss from ground shaking
- Make more informed decisions regarding UCIP's risk transfer program
- Gain greater leverage with reinsurers
- Have an improved sense of member counties' risk contribution

Please don't hesitate to contact me if you have any questions. I also encourage you to speak with David Paulk of ACCG if you would like a perspective of AIR services from the client side. Thanks for your consideration and I look forward to speaking with you again soon.

Regards,

Tom O'Brien  
Senior Risk Modeling Consultant

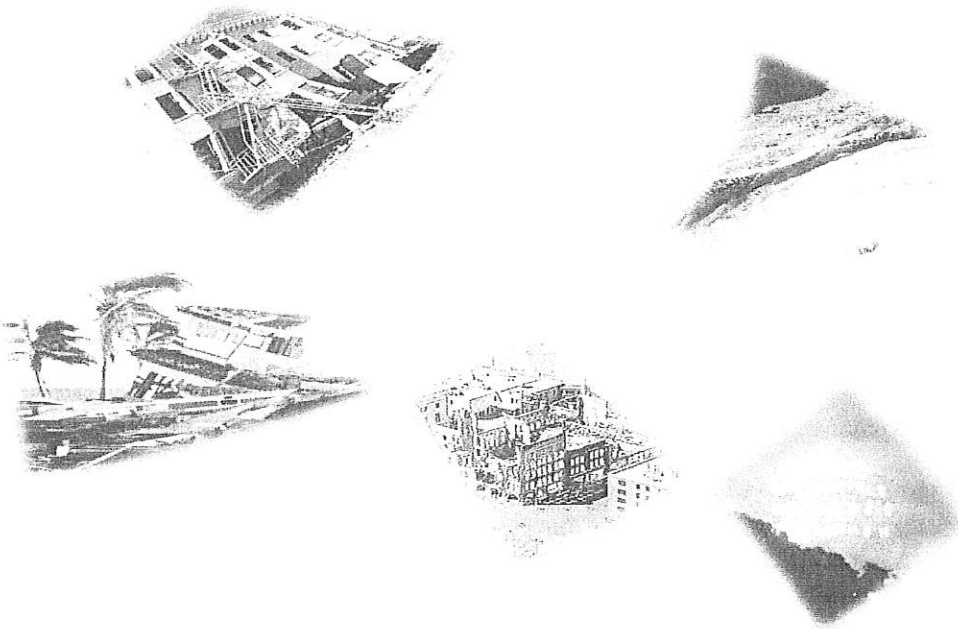
Encl: License agreement







**ABS Corporate Solutions**



## **Natural Hazard/Catastrophe Analysis for Utah Counties Insurance Pool**

**Submitted By:** **Kenneth A. Travers**  
**Date:** **February 13<sup>th</sup>, 2006**

**Client Reference:** **Mr. Lester Nixon**  
**Chief Executive Officer**

**ABS Group** is a technology driven enterprise, dedicated to assisting its clients worldwide to assure the continuity of their operations, through more effective recognition and management of the full spectrum of risks to their facilities and employees.

February 13<sup>th</sup>, 2006

**BUSINESS CONFIDENTIAL**

Mr. Lester Nixon, CEO  
Utah Counties Insurance Pool

**Executive Summary: EQ Portfolio Analysis Study - UCIP**

ABS Corporate Solutions is pleased to offer this multi-faceted proposal to conduct probabilistic and selected scenario catastrophe management analyses for the perils of earthquake and earthquake fire follow affecting Utah Counties Insurance Pool (UCIP) physical assets distributed across 28 counties within the State of Utah.

The objective of this effort will be to enable Utah Counties Insurance Pool to better quantify its physical damage and financial risk from the perils of earthquake ground shake and earthquake fire follow and to support decisions regarding risk management and risk transfer to adequately protect the prescribed Utah Counties Insurance Pool portfolio. The results of this effort will also enable Utah Counties Insurance Pool to identify and prioritize the appropriate risk transfer program to configure with respect to limits, deductibles and layers by peril, by county, by postal code or other dimensions as utilized in the prescribed analysis.

ABS Corporate Solutions proposes to conduct probabilistic catastrophe analyses of the Utah Counties Insurance Pool asset portfolio for the perils of earthquake ground shake, and earthquake fire follow. ABS Corporate Solutions will also conduct and provide mean damage/loss analysis results for selected event scenarios in key concentrated areas of the portfolio to provide a view of the potential aggregate risk from credible scenario events.

Upon completion of the analyses, ABS Corporate Solutions will prepare a written report, which will incorporate critical elements used in the course of the effort including methodology, dataset information, hazard overview and results. The results will include key metrics, which will support risk transfer and/or risk financing decisions regarding Utah Counties Insurance Pool assets as they may be impacted by the perils selected for analysis.

ABS Corporate Solutions is a division within EQECAT (a wholly-owned subsidiary of ABS Group, Inc.) focused on providing a comprehensive offering of consulting and software products integrating risk assessment, risk management and risk financing solutions to the Corporate marketplace. This product line combines the risk engineering expertise of ABS Consulting, with the catastrophe and financial modeling strengths of EQECAT to identify and develop an optimal risk strategy for its clients within the Fortune 500 and Global 5000 marketplace.

**A. Identified Client Needs and Requirements**

The Utah Counties Insurance Pool is interested in quantifying the risk of earthquake ground shake and earthquake fire follow, as it affects existing insured sites within their portfolio of physical assets/facilities owned and/or operated by 28 of the 29 counties in Utah and whom participate in this insurance pool. The overall portfolio has a current reported total insured value of about \$1.2 billion consisting of approximately 700 locations throughout the 28 counties in the program.

The UCIP is interested in obtaining certain key metrics as a result of this effort including (a) expected annual damage/loss estimation to their portfolio asset base by county and peril; (b) per occurrence damage/loss estimation by county and peril; and (c) annual aggregate damage/loss estimation also by county and peril. Further, the UCIP expressed interest in understanding the effect of several retention and/or limit strategies upon their portfolio with respect to their expected net loss.

Additionally, the UCIP is interested in understanding the potential probable maximum loss from a small group of selected significant scenario events on the overall portfolio as available and provided in the EQECAT USQuake<sup>TM</sup> model. Their main concern deal with concentrations of the portfolio situated West of the Wasach Range including the cities of Ogden, Salt Lake and Provo, Utah.

The UCIP is interested in obtaining results for their portfolio assets for these perils by Summer, 2006 to provide adequate time fore review and interpretation of results prior to their renewal schedule.

## **B. Proposal**

ABS Corporate Solutions is pleased to present the following proposal for a consulting engagement at the request of Utah Counties Insurance Pool. This offering will remain valid for a period of 30 days following the date of this proposal.

### **Methodology**

ABS Corporate Solutions proposes to conduct probabilistic analyses of the Utah Counties Insurance Pool asset portfolio as submitted by the UCIP, which will consist of an asset schedule providing critical site/location data on each insured property including, but not limited to, site address/city/zip, construction class, occupancy/usage, number of stories, year built, year retrofitted, replacement value and other secondary features of construction as may be available. Further, the UCIP will provide an insurance program profile for the current insurance structure or desired program pro forma to support the financial loss analysis including deductibles, limits, etc. on a site, county or portfolio basis. The overall methodology can be viewed in the diagram in Figure 1 below.

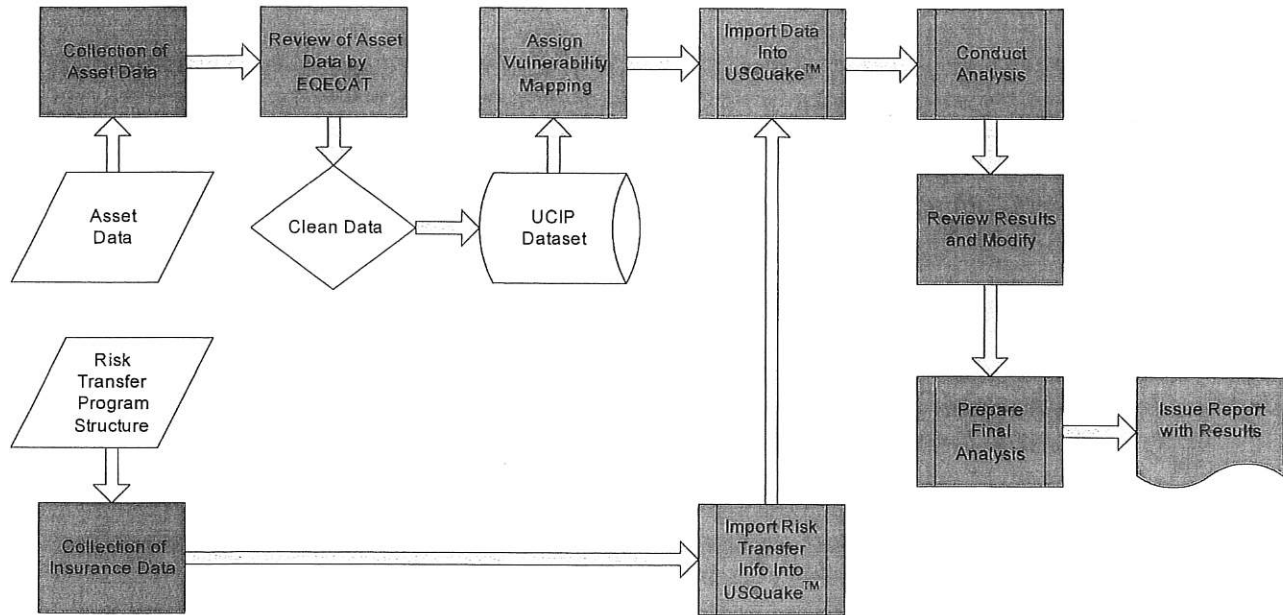
ABS Corporate Solutions will first review the final dataset for completeness and compliance with minimum data requirements and advise of any data inconsistencies or inadequate data format. Where available and provided, ABS Corporate Solutions will utilize provided construction type information and "map" to available construction types and definitions within the EQECAT WorldCat enterprise model by region and by peril as appropriate. Where construction type is not known, ABS Corporate Solutions will enable the EQECAT model to assign the vulnerability mappings based upon EQECAT's internalized databases by postal code, occupancy type and peril.

Once the data has been reviewed and "cleansed" as necessary, it will be imported into the EQECAT WorldCat enterprise model for the requisite peril and resolved to assure appropriate mapping of parameters such as vulnerability, occupancy, etc.

Once all data has been effectively imported and resolved, ABS Corporate Solutions will set up relevant insurance structure information in the model (ie, layers, limits, attachment points, deductibles, etc.) as provided by the UCIP. Upon completion of structuring of the dataset and insurance program, we will then conduct catastrophe analysis runs on the Utah Counties Insurance Pool portfolio using EQECAT's probabilistic models for earthquake ground shake and earthquake fire follow.

Where Utah Counties Insurance Pool has requested certain earthquake scenario analyses as part of this consulting effort, ABS Corporate Solutions will additionally prepare some selected scenario runs against the imported Utah Counties Insurance Pool portfolio for identified perils. These scenario analyses will be prepared using available scenario capabilities provided within the EQECAT USQuake™ model and we will provide loss results for those scenarios using the same insurance risk transfer program structure imported as described above, providing both the mean and 90<sup>th</sup> percentile damage and loss results for the selected scenario events.

ABS Corporate Solutions will prepare a written report for submission to Utah Counties Insurance Pool upon completion of the analyses described above, which will include expected annual losses by peril and by county; per occurrence and annual aggregate losses also by peril and county.



**Figure 1 EQECAT Modeling Methodology for UCIP Analysis**

### Scope and Deliverables

ABS Corporate Solutions has prepared this proposal in the form of a consulting effort utilizing selected EQECAT catastrophe models to coincide with Utah Counties Insurance Pool request to perform analyses on their statewide portfolio for the perils of earthquake ground shake and earthquake fire follow. The Utah Counties Insurance Pool will provide a current dataset consisting of all locations within the portfolio and required minimum parameters for each location – the dataset shall be in electronic format such as in an Excel spreadsheet

The following work tasks are included as part of the scope for the prescribed engagement:

#### Data Review and Preparation

- Review physical asset dataset for data completeness and required minimum attributes
- Review provided construction information profile from Utah Counties Insurance Pool and assign locations to appropriate construction classifications given the profile
- Prepare dataset and import into the appropriate EQECAT WorldCat enterprise peril models

Analysis

- Conduct probabilistic analysis of the Utah Counties Insurance Pool portfolio for the perils of earthquake ground shake and earthquake fire follow
- Conduct selected scenario analyses for the perils of earthquake ground shake and fire follow for key areas of concentration within the portfolio for up to a total of 6 individual scenarios as defined within the EQECAT WorldCat enterprise and USQuake™ models.

Results, Written Report and Documentation

- Prepare damage and loss results in tabular form for the perils analyzed with results dimensioned by peril, by county and by postal code within the Utah Counties Insurance Pool portfolio
- Results to be provided include expected annual damage and loss by peril, by county and by postal code within the Utah Counties Insurance Pool portfolio
- Results to be provided include per occurrence damage and loss by peril and by county within the Utah Counties Insurance Pool portfolio
- Results to be provided include annual aggregate damage and loss by peril and by county within the Utah Counties Insurance Pool portfolio
- All results shall be presented from a damage perspective, as well as a loss perspective representing the net expected losses based upon the provided insurance program and its effect on the portfolio given the damage results
- All results will be provided to Utah Counties Insurance Pool in an Excel spreadsheet electronic file format in addition to written tabular results
- Produce a written report on the overall project to comprise an overview of the project scope, the methodology employed, an overview of each relevant hazard analyzed, key damage and loss metrics as described above

ABS Corporate Solutions will provide the above-listed deliverables to Utah Counties Insurance Pool within a period of five (5) weeks following receipt of data as indicated and written authorization to proceed for a one-time consulting fee of:

**Forty Eight Thousand Six Hundred Dollars ..... \$ 48,600 USD**

The proposal scope, deliverables and pricing listed above are prepared and presented in a good faith effort based upon discussions and information provided to ABS Corporate Solutions by Utah Counties Insurance Pool. ABS Corporate Solutions will honor the proposal for a period of 30 days from the date of this correspondence. ABS Corporate Solutions reserves the right to change, alter, modify or withdraw the proposal(s) if not accepted within this time period.

We look forward to assisting Utah Counties Insurance Pool in their risk management efforts. Should you have any questions pursuant to this proposal, please feel free to contact Mr. Kenneth A. Travers @ (302) 239-7310 or (302) 521-7589 (cell) at your convenience. Should you wish to pursue the consulting engagement as outlined above, please signify your acceptance by signing in the appropriate line below and fax or mail to ABS Corporate Solutions at (302) 239-0306. Upon receipt, ABS Corporate Solutions will have a Terms and Conditions Agreement prepared and submitted back for review and



*signature. Commencement upon the work described herein can begin following the successful execution of the Terms & Conditions Agreement.*

*Thank you for your consideration and interest in ABS Corporate Solutions.*

**Approved by Utah Counties Insurance Pool**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

### **C. Overview of EQECAT Models and Technology**

EQECAT provides a comprehensive program for the management of catastrophe risk from natural hazards. The program is based upon superior science and technology and integrates state-of-the-art software, information services and consulting. The quality and consistent reliability of our software products and services set EQECAT apart from our competition.

EQECAT also provides a consulting service to our clients to quantify and manage their overall exposure of portfolio and single sites from natural hazards. As part of our service, training programs are offered to improve the capabilities of critical catastrophe management functions. EQECAT also keeps our clients informed and current on important natural hazard information and events through timely post-disaster investigation and flash reports.

EQECAT software products are considered to be superior in the industry. While the reasons are many, the more prominent include: (1) the hazard quantification in the models are based upon considerable research of historical data and the physical mechanisms that generate the destructive forces from the hazards; (2) built-in structural vulnerabilities are the result of intensive field investigations and data gathering from past disasters; and (3) EQECAT has developed our own proprietary databases and uses our outstanding analytical capabilities to generate the best probabilistic models incorporating all uncertainties.

EQECAT models have been thoroughly validated against data from historical disasters, and they are openly acknowledged to be the best technical models available. Software products are built using the most current technology and architectural design principles to assure compatibility with corporate IT standards for enterprise-wide deployment.

EQECAT utilizes a consistent approach to risk assessment worldwide. All EQECAT models, regardless of country or peril, utilize highly advanced technology components to provide the best possible risk estimation.

The EQECAT suite of natural hazard models includes:

- **WORLDCAT enterprise™ 3.7** is the model used by insurers, reinsurers and other financial institutions to analyze hurricane, typhoon, windstorm, earthquake and fire-following earthquake risk for over 88 countries. This is the next generation of state-of-the-art modeling platforms and EQECAT's latest enterprise product. The platform merges all modeling and hazard engines into a common internet/intranet enabled, multi-user, multi-country and multi-peril platform that will meet the underwriting and accumulation management needs of Primary, Excess, Captive and Reinsurers well into the future. This product is now available for Primary, Excess, Facultative and Treaty underwriting applications, and accumulation of divisional or corporate books of business. Analyses and reports are easily conducted multiple currencies.

# Utah Counties Insurance Pool

## Endorsements

### Endorsement No. 13

#### **Boiler and Machinery Coverage**

This endorsement attaches to and forms part of Policy No. Form No. UCIP-04.100

The effective date of this endorsement is January 1, 2006.

It is hereby agreed and understood this **Agreement** provides coverage for Boiler and Machinery property damage in the amount of \$150,000,000 per occurrence. Coverage is provided per Affiliated FM Form Number PRO BM 2350, edition 1/99, which is a part of the Affiliated FM Policy Number TS268, issued to the insured, Utah Counties Insurance Pool. The following sublimits apply:

- \$250,000 Ammonia Contamination
- \$250,000 Hazardous Substances
- \$250,000 Spoilage

Subject otherwise to all terms, clauses and conditions of this Agreement





Utah Counties Insurance Pool

## JOINT POLICY RECORDS RETENTION

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The following establishes categories of records and a records retention policy for UCIP staff to follow in the efficient management of UCIP records. The destruction of any records must be approved in advance by the UCIP Board of Trustees and the Division of State Archives.

**Series 26024 – Multiline Claims Records:** All records associated with claims made against members and referred to UCIP. All closed claims, with no recorded activity, will be maintained in office for 5 years then transferred to State Records for 15 years. All closed claims with no recorded activity for after 20 years may be destroyed.

**Series 26025 – Workers' Compensation Claims Records:** Medical only claims with no recorded activity after 5 years may be destroyed. Indemnity claims are to be kept until 3 years after the death of the claimant and then destroyed.

**Series 26026 – Coverage Documents or Insurance Policies:** Claims-made coverage documents and/or insurance policies will be maintained for 15 years following the expiration of any tail coverage or an extended reporting period and then destroyed.

**Series 26121 – Coverage Documents or Insurance Policies:** All coverage agreements and/or insurance policies of an occurrence basis will be maintained in perpetuity.

**Series 26027 – Underwriting Records, UCIP Coverages:** These records are to be maintained for 5 years following the close of an underwriting period and may be transferred to State Records for 10 years then destroyed.

**Series 26028 – Underwriting Records, Agency Placements for Members:** These records are to be maintained for 5 years following the expiration date of the policy and then destroyed.

**Series 26029 – Loss Prevention Records:** All loss prevention records will be maintained for 12 years and then destroyed. This will include records of inspections, training, recommendations to members, and activities related to incentive programs.

**Series 26105 – Board of Trustee Minutes:** These records are minutes of regular and special meeting of the UCIP Board of Trustees. They are used to document the actions and decisions of the Board pursuant to their official duties. All related materials are attached to these minutes. Minutes and supporting materials will be maintained permanently and may be transferred to the State Archives.

**Series 26122 – Personnel Records:** UCIP will maintain records of all personnel for 65 years or 3 years after retirement or death, whichever is shorter, then destroyed.

**Series 26123 – Audit Records and Financial Records:** All financial records will be retained maintained permanently. Records will be maintained in office for 5 years, and may be transferred to the State Records Center for 10 years, and then transferred to State Archives.

Adopted 2/16/06





## AFFIDAVIT OF DAN McCONKIE

STATE OF UTAH                                 )  
  :SS  
COUNTY OF SALT LAKE                     )

Dan McConkie, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.

2. That the Affiant, on or about the 18 day of April, 2006, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

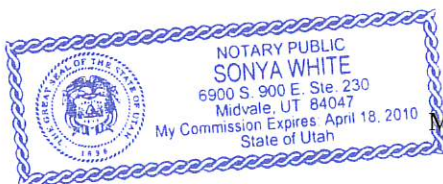
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

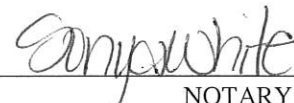
FURTHER, Affiant saith not.

DATED this 18 day of April, 2006.

  
DAN McCONKIE, President  
Utah Counties Insurance Pool

On the 2 day of June, 2006, personally appeared before me Dan McConkie, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



  
NOTARY PUBLIC  
Residing at: Midvale, Utah  
My Commission Expires: 4-18-2010



# Utah Counties Insurance Pool Payments

February 17, 2006 - April 18, 2006

Type	Date	Num	Name	Memo	Split	Amount
<b>WF-Expense</b>						
Check	2/27/2006	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-1,059.14
Check	2/27/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-3,643.95
Check	2/27/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-2,835.68
Check	2/27/2006	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-915.35
Liability Check	2/27/2006		QuickBooks Payroll Service	Created by Payroll Service on 02/22/2006	-SPLIT-	-12,755.34
Paycheck	2/28/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	2/28/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	2/28/2006	3252	Verizon Wireless	Invoice Number: 2019117716	Telephone	-65.64
Check	2/28/2006	3253	Revco Leasing Company, LLC	Lease Number: 01UTCOU-1	Copying Costs	-810.00
Check	2/28/2006	3254	Korby M. Siggard	Per Diem	-SPLIT-	-255.00
Liability Check	2/28/2006	3255	Utah Counties Insurance Pool	February Employee Benefits	-SPLIT-	-6,535.44
Check	2/28/2006	3256	PEHP-LTD	Coverage Period: February 2006	Staff Medical Insurance	-208.12
Check	2/28/2006	3257	FedEx	Invoice Number: 3-348-30191	Postage	-8.51
Check	2/28/2006	3258	Office Depot	Account Number: 35538769	Office Supplies	-40.84
Check	2/28/2006	3259	FireSTAT LLC	Invoice Number: 1258-06	Loss Control / Training	-150.00
Check	2/28/2006	3260	Shelley Peck	Expense Reimbursement	-SPLIT-	-22.25
Check	2/28/2006	3261	Utah League of Cities & Towns	2006 Directory Of Local Government Officials	Dues / Subscriptions	-30.00
Check	2/28/2006	3262	Brody S. Parker	Expense Reimbursement	-SPLIT-	-15.90
Check	2/28/2006	3263	Smart Schofield Shorter & Lunceford	Account Number: 7859.01	Lobbying & Legislative Tra...	-392.50
Check	2/28/2006	3264	Dan McConkie	Mileage Reimbursement	Board Expense	-24.71
Check	2/28/2006	3265	Ira Hatch	Mileage Reimbursement	Board Expense	-117.48
Check	2/28/2006	3266	Karla Johnson	Expense Reimbursement	-SPLIT-	-346.14
Check	2/28/2006	3267	Steven Wall	Mileage Reimbursement	Board Expense	-146.85
Check	2/28/2006	3268	Jerry Grover	Mileage Reimbursement	Board Expense	-40.05
Check	2/28/2006	3269	Kay Blackwell	Mileage Reimbursement	Board Expense	-169.10
Check	2/28/2006	3270	Lynn Lemon	Mileage Reimbursement	Board Expense	-80.10
Check	2/28/2006	3271	Steve Baker	Mileage Reimbursement	Board Expense	-22.38
Check	2/28/2006	3272	Kenneth Bischoff	Mileage Reimbursement	Board Expense	-40.05
Check	2/28/2006	3273	Kent Sundberg	Mileage Reimbursement	Board Expense	-44.50
Check	2/28/2006	3274	Sonya J. White	Reimbursable Expenses	-SPLIT-	-203.45
Liability Check	2/28/2006		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-3,071.54
Liability Check	2/28/2006	3275	Utah Retirement Systems	Unit No: 864 (February 2006)	-SPLIT-	-7,888.04
Check	2/28/2006	3276	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-513.10
Check	2/28/2006	3277	Clinton Partners, LLC	Commercial Lease, 6900 South 900 East, Suite 230, ...	Building Lease	-2,686.91
Liability Check	2/28/2006		Utah State Tax Commission	Z68319	-SPLIT-	-1,690.04
Liability Check	2/28/2006		United States Treasury	87-0495792	-SPLIT-	-4,821.52
Check	2/28/2006	3278	Bailey's Moving & Storage	Invoice Number: 42055BMS	Debt Service	-1,241.75
Liability Check	3/14/2006		QuickBooks Payroll Service	Created by Payroll Service on 03/10/2006	-SPLIT-	-11,613.24
Paycheck	3/15/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	3/15/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	3/15/2006		United States Treasury	87-0495792	-SPLIT-	-3,981.86
Check	3/21/2006	3279	Marsh USA Risk & Insurance Services	Invoice Number: 327819	Fees & Licensing	-50.00
Check	3/21/2006	3280	Parsons Behle & Latimer	Employment Law Seminar	-SPLIT-	-200.00
Check	3/21/2006	3281	TCNS, Inc.	Invoice Number: 2226	Information Technology	-469.00
Check	3/21/2006	3282	TCNS, Inc.	Invoice Number: 2310	-SPLIT-	-1,885.00
Check	3/21/2006	3283	TCNS, Inc.	Invoice Number: 2318	-SPLIT-	-2,445.00
Check	3/21/2006	3284	Qwest	Account Number: 801-565-8500 170B	Debt Service	-1,562.05
Check	3/21/2006	3285	Qwest	Account Number: 801-293-3098F 6062	Telephone	-95.84
Check	3/21/2006	3286	Agile Studios	Invoice Number: 2006020	Information Technology	-270.00
Check	3/21/2006	3287	Office Depot	Account Number: 35538769	-SPLIT-	-274.58
Check	3/21/2006	3288	Print2day	Invoice Numbers: 625056 & 625571	-SPLIT-	-621.45
Check	3/21/2006	3289	Marsh USA Risk & Insurance Services	Invoice Number: 327776	-SPLIT-	-618.00
Check	3/21/2006	3290	New England Business Service, Inc.	Invoice Number: 9923716711-1	Office Supplies	-289.60
Liability Check	3/21/2006	3291	Utah Counties Insurance Pool	March Employee Benefits	-SPLIT-	-6,557.52
Check	3/21/2006	3292	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2006-38	Actuarial Analysis WC	-1,947.50
Check	3/21/2006	3293	Ken Bischoff	Airfare RIMS	Board Expense	-620.50
Check	3/21/2006	3294	Kent Sundberg	Airfare RIMS	Board Expense	-527.30
Check	3/21/2006	3295	Kay Blackwell	Airfare RIMS	Board Expense	-620.50
Check	3/21/2006	3296	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2006-39	Actuarial Analysis	-2,000.00
Check	3/21/2006	3297	Smart Schofield Shorter & Lunceford	Account Number: 7859.01	Lobbying & Legislative Tra...	-853.00
Check	3/21/2006	3298	iLinc Communications	Statement Number: 1047242	Telephone	-79.18
Check	3/21/2006	3299	Verizon Wireless	Invoice Number: 2022260348	Telephone	-82.40
Check	3/21/2006	3300	Verizon Wireless	Invoice Number: 2022260347	Telephone	-46.17
Check	3/21/2006	3301	Verizon Wireless	Invoice Number: 2022557506	Telephone	-45.65
Check	3/21/2006	3302	Christensen & Jensen	Invoice Number: 43543	1099 Nonemployee Comp...	-449.19
Check	3/21/2006	3303	Revco Leasing Company, LLC	Invoice Number: 116594	Copying Costs	-345.00
Check	3/21/2006	3304	Costco Wholesale Membership	Member Number: 000111698394970	-SPLIT-	-255.00
Check	3/21/2006	3305	Korby M. Siggard	Per Diem	Staff Expenses	-223.45
Check	3/21/2006	3306	Christensen & Jensen	Invoice Number: 43755	-SPLIT-	-466.50
Check	3/27/2006	3307	Print2day	Invoice Numbers: 625684	Printing	-256.66
Check	3/27/2006	3308	Utah Safety Council	Invoice Number: 01741	Loss Control / Training	-318.00
Check	3/27/2006	3309	IWCF	Lester Nixon Registration	Loss Control / Training	-200.00
Check	3/29/2006	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	Automobile Expense	-355.51
Check	3/29/2006	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	Staff Expenses	-543.89
Check	3/29/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	Staff Expenses	-5,566.68
Check	3/29/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	Staff Expenses	-1,794.40
Liability Check	3/30/2006		QuickBooks Payroll Service	Created by Payroll Service on 03/27/2006	-SPLIT-	-11,762.15
Paycheck	3/31/2006	1681	Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1682	Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1683	Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1684	Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1685	Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1686	Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	3/31/2006	1687	Sonya J. White	Direct Deposit	-SPLIT-	0.00

# Utah Counties Insurance Pool Payments

February 17, 2006 - April 18, 2006

Type	Date	Num	Name	Memo	Split	Amount
Liability Check	3/31/2006		United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 2706490001...	-SPLIT-	-4,044.86
Liability Check	3/31/2006		Utah State Tax Commission	Transaction Number: 792956	-SPLIT-	-1,598.21
Liability Check	3/31/2006		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-3,012.13
Liability Check	3/31/2006	3310	Utah Retirement Systems	Unit No: 864 (June 2005)	-SPLIT-	-7,616.79
Check	3/31/2006	3311	PEHP-LTD	Coverage Period: April 2005	Staff Medical Insurance	-199.83
Check	3/31/2006	3312	Utah Association of Counties	Newsletter, Exhibit Space, Sponsorship	-SPLIT-	-1,322.50
Check	3/31/2006	3313	Office Depot	Account Number: 35538769	Office Supplies	-111.60
Check	3/31/2006	3314	Verizon Wireless	Invoice Number: 2027013308	Telephone	-65.64
Check	4/10/2006	3315	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-1,059.89
Check	4/10/2006	3316	Larson & Company	Invoice Number: 16810	Accounting	-5,278.10
Check	4/10/2006	3317	Positive Incentives	Invoice Numbers: 85413	Loss Control / Training	-228.56
Check	4/10/2006	3318	Utah Safety Council	Invoice Number: 01865	Loss Control / Training	-45.00
Check	4/10/2006	3319	Utah Safety Council	Invoice Number: 01875	Loss Control / Training	-318.00
Check	4/10/2006	3320	Qwest	Account Number: 801-293-3098F 6062	Telephone	-31.39
Check	4/10/2006	3321	Huddard Floral Company	Account Number: 202251	Board Expense	-103.90
Check	4/10/2006	3322	Utah State Tax Commission	License #: 008NDT	Automobile Expense	-28.00
Check	4/10/2006	3323	Agile Studios	Invoice Number: 2006026	Information Technology	-555.00
Liability Check	4/10/2006	3324	Utah Counties Insurance Pool	April Employee Benefits	-SPLIT-	-6,542.80
Check	4/10/2006	3325	URMMA	Invoice Number: 2006-000044	Lobbying & Legislative Tra...	-940.00
Check	4/10/2006	3326	Korby M. Siggard	Expense Reimbursement	Staff Expenses	-10.00
Check	4/10/2006	3327	Office Depot	Account Number: 35538769	Office Supplies	-46.45
Check	4/10/2006	3328	Charmaine G. Green	Reimbursable Expenses	-SPLIT-	-30.00
Check	4/10/2006	3371	Qwest	Account Number: 801-5658500 170B	Telephone	-481.49
Check	4/10/2006	3372	Brody S. Parker	Expense Reimbursement	-SPLIT-	-163.65
Check	4/10/2006	3373	Verizon Wireless	Invoice Number: 2030111827	Telephone	-69.92
Check	4/10/2006	3374	Verizon Wireless	Invoice Number: 2030111826	Telephone	-45.14
Check	4/10/2006	3375	Verizon Wireless	Invoice Number: 2030402803	Telephone	-39.66
Check	4/11/2006	3376	Marsh USA Risk & Insurance Services	Invoice Number: 327965	Airport Liability	-3,500.00
Check	4/11/2006	3377	Office Depot	Account Number: 35538769	-SPLIT-	-33.35
Liability Check	4/13/2006		QuickBooks Payroll Service	Created by Payroll Service on 04/07/2006	-SPLIT-	-11,444.26
Paycheck	4/14/2006	1688	Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1689	Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1690	Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1691	Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1692	Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1693	Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	4/14/2006	1694	Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	4/14/2006		United States Treasury	87-0495792	-SPLIT-	-3,912.86
Check	4/18/2006	3329	Beaver County	2005 RMP Credit (43%)	Risk Management Progra...	-1,323.00
Check	4/18/2006	3330	Box Elder County	2005 RMP Credit (86%)	Risk Management Progra...	-7,452.00
Check	4/18/2006	3331	Cache County	2005 RMP Credit (70%)	Risk Management Progra...	-7,126.00
Check	4/18/2006	3332	Carbon County	2005 RMP Credit (100%)	Risk Management Progra...	-6,995.00
Check	4/18/2006	3333	Daggett County	2005 RMP Credit (40%)	Risk Management Progra...	-821.00
Check	4/18/2006	3334	Davis County	2005 RMP Credit (85%)	Risk Management Progra...	-15,816.00
Check	4/18/2006	3335	Duchesne County	2005 RMP Credit (23%)	Risk Management Progra...	-1,388.00
Check	4/18/2006	3336	Emery County	2005 RMP Credit (71%)	Risk Management Progra...	-5,679.00
Check	4/18/2006	3337	Grand County	2005 RMP Credit (30%)	Risk Management Progra...	-1,428.00
Check	4/18/2006	3338	Iron County	2005 RMP Credit (46%)	Risk Management Progra...	-3,570.00
Check	4/18/2006	3339	Kane County	2005 RMP Credit (34%)	Risk Management Progra...	-1,274.00
Check	4/18/2006	3340	Millard County	2005 RMP Credit (89%)	Risk Management Progra...	-6,223.00
Check	4/18/2006	3341	Morgan County	2005 RMP Credit (30%)	Risk Management Progra...	-734.00
Check	4/18/2006	3342	San Juan County	2005 RMP Credit (42%)	Risk Management Progra...	-3,216.00
Check	4/18/2006	3343	Sanpete County	2005 RMP Credit (58%)	Risk Management Progra...	-1,819.00
Check	4/18/2006	3344	Sevier County	2005 RMP Credit (23%)	Risk Management Progra...	-977.00
Check	4/18/2006	3345	Tooele County	2005 RMP Credit (73%)	Risk Management Progra...	-6,748.00
Check	4/18/2006	3346	Uintah County	2005 RMP Credit (26%)	Risk Management Progra...	-2,585.00
Check	4/18/2006	3347	Utah County	2005 RMP Credit (100%)	Risk Management Progra...	-22,384.00
Check	4/18/2006	3348	Wasatch County	2005 RMP Credit (100%)	Risk Management Progra...	-10,015.00
Check	4/18/2006	3349	Washington County	2005 RMP Credit (100%)	Risk Management Progra...	-11,682.00
Check	4/18/2006	3350	Weber County	2005 RMP Credit (100%)	Risk Management Progra...	-22,826.00
Check	4/18/2006	3351	Beaver County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3352	Box Elder County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3353	Cache County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3354	Carbon County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3355	Daggett County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3356	Davis County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3357	Duchesne County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3358	Emery County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3359	Iron County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3360	Millard County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3361	San Juan County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3362	Sanpete County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3363	Sevier County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3364	Tooele County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3365	Uintah County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3366	Utah County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3367	Wasatch County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3368	Washington County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3369	Weber County	2005 Certificate in RM	Risk Management Progra...	-500.00
Check	4/18/2006	3370		VOID:	Spoiled Check	0.00
Check	4/18/2006	3378	Marsh USA Risk & Insurance Services	Invoice Number: 328012	TULIP	-5,035.00
Check	4/18/2006	3379	Carr Printing Co., Inc.	Invoice Number: 19527	Printing	-725.00
Check	4/18/2006	3380	Henriksen/Butler	Invoice Number: 88777	Debt Service	-516.22
Check	4/18/2006	3381	Henriksen/Butler	Invoice Number: 88779	Debt Service	-516.22
Check	4/18/2006	3382	Central Glass Midvale	Workorder: 0159492	Debt Service	-313.88
Check	4/18/2006	3383	Clinton Partners, LLC	Commercial Lease, 6900 South 900 East, Suite 230, ...	Building Lease	-5,653.38
Total WF-Expense						-330,402.82
WF-Work Comp Expense						
Check	3/15/2006	110	BRF - Alternative Service Concepts	Voucher Number: 2625	Third Party Administrator ...	-3,810.65
Check	3/15/2006	111	BRF - Alternative Service Concepts	Voucher Number: 2701	Third Party Administrator ...	-4,025.43
Check	3/15/2006	112	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-3	Consultant WC	-1,500.00
Check	3/15/2006	113	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-4	Self-Insurer's Tax	-1,000.00
Check	3/15/2006	114	Utah State Tax Commission	Account Number: 870495792	Self-Insurer's Tax	-52,624.00
Check	3/15/2006	115	CompToday	Voucher NO. 2702	-SPLIT-	-376.51

# Utah Counties Insurance Pool Payments

February 17, 2006 - April 18, 2006

Type	Date	Num	Name	Memo	Split	Amount
Check	3/21/2006	116	Corvel Corporation	2/17/05 through 1/27/06	Third Party Administrator ...	-33.92
Check	3/21/2006	117	Alternative Service Concepts, LLC	Invoice Number: 0010424-IN	Third Party Administrator ...	-446.17
Check	3/29/2006	118	Alternative Service Concepts, LLC	Invoice Number: 0010453-IN	Third Party Administrator ...	-10,743.06
Check	3/29/2006	119	Alternative Service Concepts, LLC	Invoice Number: 0010458-IN	Third Party Administrator ...	-11,778.07
Check	4/10/2006	120	Larson & Company	Invoice Number: 16810	Accounting	-3,518.73
Check	4/10/2006	121	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-4	Consultant WC	-1,500.00
Check	4/10/2006	128	BRF - Alternative Service Concepts	Voucher Number: 2788	Third Party Administrator ...	-28.98
Check	4/10/2006	129	BRF - Alternative Service Concepts	Voucher Number: 2732	Third Party Administrator ...	-482.04
Check	4/18/2006	122	Carbon County	2005 Loss Control Program Credit (100%)	Loss Control Program Credit	-5,901.00
Check	4/18/2006	123	Emery County	2005 Loss Control Program Credit (43%)	Loss Control Program Credit	-1,391.00
Check	4/18/2006	124	Uintah County	2005 Loss Control Program Credit (12%)	Loss Control Program Credit	-705.00
Check	4/18/2006	125	Utah County	2005 Loss Control Program Credit (100%)	Loss Control Program Credit	-10,941.00
Check	4/18/2006	126	Wasatch County	2005 Loss Control Program Credit (20%)	Loss Control Program Credit	-979.00
Check	4/18/2006	127	Weber County	2005 Loss Control Program Credit (43%)	Loss Control Program Credit	-9,218.00
Total WF-Work Comp Expense						-121,002.56
<b>TOTAL</b>						<b>-451,405.38</b>





April 18

RUBY RIVER will cater the Customer's EVENT, as follows:

Name: Sonya white  
 Phone# 565-8500  
 Address: PO Box 760  
Midvale, UT 84047  
 Form of Final Payment Visa  
 Location \_\_\_\_\_  
 Room: Sun ☒ Snow \_\_\_\_\_ Exec \_\_\_\_\_  
 Bar: Yes \_\_\_\_\_ No \_\_\_\_\_ Heavy \_\_\_\_\_ Light \_\_\_\_\_  
 Cash \_\_\_\_\_ C.O.D. \_\_\_\_\_  
 C.C.# \_\_\_\_\_ Exp: \_\_\_\_\_

Company UCIP  
 Fax# 1-(801) 568-0495  
 Approx Guest Count 25-30  
 Start Time 6:00pm  
 Serving Time \_\_\_\_\_  
 End Time 9:30pm  
 Deposit Yes \_\_\_\_\_ No \_\_\_\_\_ Amount \_\_\_\_\_  
 Room Charge: Yes \_\_\_\_\_ No \_\_\_\_\_

**ROOM SET UP**

Classroom style \_\_\_\_\_ Theater Style \_\_\_\_\_ U-Shape \_\_\_\_\_ Banquet Style \_\_\_\_\_ Rounds \_\_\_\_\_  
 Head table \_\_\_\_\_ #ppl \_\_\_\_\_ Registration Table \_\_\_\_\_ ☒ 2 square hollow  
 L if less Than 30 ppl

**Audio/Visual**

TV \_\_\_\_\_ VCR/DVD \_\_\_\_\_ Overhead \_\_\_\_\_ Screen \_\_\_\_\_ Mic \_\_\_\_\_ White Board \_\_\_\_\_  
 Pad/Easle \_\_\_\_\_ Podium \_\_\_\_\_

**MENU**

Continental Breakfast: Yes \_\_\_\_\_ No \_\_\_\_\_  
 After Noon Break: Yes \_\_\_\_\_ No \_\_\_\_\_

Lunch \_\_\_\_\_ or Dinner ☒

Drink lemonade Time: \_\_\_\_\_  
 App. \_\_\_\_\_ Time: \_\_\_\_\_  
 Entree#1 Raspberry Chicken W/ JB Time: \_\_\_\_\_  
 Entree#2 \_\_\_\_\_ W/ \_\_\_\_\_

Dessert Cheese cake

**Agreement of Charges**Date 3/24/06

Guaranteed guest count of \_\_\_\_\_ at a \$ \_\_\_\_\_ per guest for a total of \$ \_\_\_\_\_  
 (The final charge will be the guaranteed guest count or the number served whichever is greater)

Sonya White 3-24-06  
 Customer's signature Date

Sonya White  
 Printed name

[Signature] 03/21/06  
 Banquet Manager Date

Gratuity (15%)

Subtotal

Tax (7.125%) Exempt

Total

Due Date \_\_\_\_\_ Deposit \_\_\_\_\_ (-) \_\_\_\_\_

Due Date \_\_\_\_\_ Balance \$ \_\_\_\_\_

Due Date \_\_\_\_\_ Bal \_\_\_\_\_

Will provide final count by April 10.





Utah State Tax Commission  
**Exemption Certificate**  
(Sales, Use, Tourism and Motor Vehicle Rental Tax)

**TC-721**  
Rev. 7/01

Name of business or institution claiming exemption (purchaser) <b>Utah Counties Insurance Pool</b>		Telephone Number 801-565-8500	
Street Address 6900 South 900 East, Suite 230	City Midvale	State UT	Zip Code 84047
Authorized Signature <i>Sonya White</i>	Name (please print) Sonya White	Title Manager of Administration	
Name of Vendor or Supplier: Ruby River		Date 3/24/06	

The person signing this certificate **MUST** check the applicable box showing the basis for which the exemption is being claimed. Questions should be directed (preferably in writing) to Taxpayer Services, Utah State Tax Commission, 210 N 1950 W, SLC Utah 84134. Telephone (801) 297-2200, or toll free 1-800-662-4335.

**DO NOT SEND THIS CERTIFICATE TO THE TAX COMMISSION**  
**Keep it with your records in case of an audit.**

Sales tax account numbers with an "H" prefix are not to be used for tax-free purchases for resale.

- ☐ **RESALE OR RE-LEASE** Sales Tax License No. \_\_\_\_\_  
I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages, dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.
- ☐ **AGRICULTURAL PRODUCER**  
I certify that the items purchased will be used primarily and directly in a commercial farming operation and qualify for the Utah sales and use tax exemption. Failure to report these sales on the informational lines of the vendor's sales and use tax return may subject the seller to a penalty equal to the lesser of \$1000 or 10% of the sales and use tax that would have been imposed if the exemption had not applied.
- ☐ **BUILDING MATERIALS USED OUTSIDE UTAH**  
I certify that the building materials and equipment purchased will be incorporated into real property outside the State of Utah, and that the state of use will not allow credit for sales or use tax paid to Utah.  
Vendor invoice number: \_\_\_\_\_ Date: \_\_\_\_\_  
Location of job outside Utah: \_\_\_\_\_
- ☐ **COMMERCIAL AIRLINES**  
I certify that the food and beverages purchased are by a commercial airline for in-flight consumption; or, any parts or equipment purchased are for use in aircraft operated by common carriers in interstate or foreign commerce.
- ☐ **COMMERCIALS, FILMS, AUDIO AND VIDEO TAPES**  
I certify that purchases of commercials, films, prerecorded video tapes, prerecorded audio program tapes or records are for sale or distribution to motion picture exhibitors, or commercial television or radio broadcasters. If I subsequently resell items to any other customer, or use or consume any of these items, I will report any tax liability directly to the Tax Commission.
- ☐ **CONSTRUCTION MATERIALS PURCHASED FOR SCHOOLS OR RELIGIOUS AND CHARITABLE ORGANIZATIONS**  
I certify that the construction materials purchased are purchased on behalf of a public elementary or secondary school or religious or charitable organization. I further certify that the purchased construction materials will be installed or converted into real property owned by the school or religious or charitable organization.  
Name of school or religious or charitable organization: \_\_\_\_\_  
Name of project: \_\_\_\_\_
- ☐ **FUELS, GAS, ELECTRICITY** Sales Tax License No. \_\_\_\_\_  
I certify that all gas, electricity, coal, coke, and other fuel purchased will be used for industrial use only and not for residential or commercial purposes. Include the business Standard Industrial Code, and state the predominant use of the fuel covered by the exemption.  
Standard Industrial Code: \_\_\_\_\_ Use of the fuel: \_\_\_\_\_
- ☐ **HOME MEDICAL EQUIPMENT**  
I certify that the medical equipment purchased is eligible for payment under Title 18 or Title 19 of the federal Social Security Act, is prescribed or authorized by a licensed physician for the treatment of a medical illness or injury or as necessary to mitigate an impairment resulting from illness or injury, and will be used exclusively by the person for whom it was prescribed. **SALES OF SPAS OR SAUNAS ARE TAXABLE.**
- ☐ **LEASEBACKS**  
I certify that the tangible personal property leased satisfies the following conditions: (1) the property is part of a sale-leaseback transaction; (2) sales or use tax was paid on the initial purchase of the property; and, (3) the leased property will be capitalized and the lease payments will be accounted for as payments made under a financing arrangement.
- ☐ **STEEL MILL EXEMPTION**  
I certify that the rolls, rollers, refractory brick, electric motors or other replacement parts will be used in the furnaces, mills or ovens of a steel mill as described in SIC code 3312.





☐ **MANUFACTURING MACHINERY AND EQUIPMENT EXEMPTION FOR NEW OR EXPANDING OPERATIONS, NORMAL OPERATING REPLACEMENTS, OR SCRAP RECYCLING** Sales Tax License No. \_\_\_\_\_

I certify that the manufacturing machinery or equipment purchased is for use in new or expanding operations or for normal operating replacements in a Utah manufacturing facility described within the SIC Codes of 2000-3999 or in a qualifying scrap recycling operation. This exemption does not apply to parts or services for repairs or maintenance. **A SEPARATE EXEMPTION CERTIFICATE MUST BE PRESENTED FOR EACH SUBSEQUENT PURCHASE, AT THE TIME OF PURCHASE.** Failure to report these purchases on the informational lines of the manufacturer's or scrap recycler's sales and use tax return may subject the manufacturer or scrap recycler to a penalty equal to the lesser of \$1000 or 10% of the sales and use tax that would have been imposed if the exemption had not applied.

☐ **SEMICONDUCTOR FABRICATING OR PROCESSING MATERIAL EXEMPTION**

I certify that the fabricating or processing material purchased is for use in manufacturing or fabricating semiconductors. Beginning on July 1, 2001 through June 30, 2002, 10% of the sale is exempt. Beginning July 1, 2002 through June 30, 2003, 50% of the sale is exempt. Beginning July 1, 2003 through June 30, 2004, the entire amount of the sale is exempt. Failure to report these purchases on the information line of the semiconductor manufacturer's sales and use tax return may subject the semiconductor manufacturer to a penalty equal to the lesser of \$1,000 or 10% of the sales and use tax that would have been imposed if the exemption had not applied.

☐ **MUNICIPAL ENERGY SALES AND USE TAX EXEMPTION**

I certify that the natural gas or electricity purchased: is for resale; is prohibited from taxation by federal law, the U.S. Constitution, or the Utah Constitution; is for use in compounding or producing taxable energy; is subject to tax under the Motor and Special Fuel Tax Act; is used for a purpose other than as a fuel; is used by an entity exempted by municipal ordinance; or is for use outside a municipality imposing a municipal energy sales and use tax. The normal sales tax exemptions under Utah Code Section 59-12-104 do not apply to the Municipal Energy Sales and Use Tax.

☐ **POLLUTION CONTROL FACILITY**

Sales Tax License No. \_\_\_\_\_

I certify that our company has been granted a "Certification of Facilities" as provided for by Utah Code Ann. Sections 19-2-123 through 19-2-127 and as explained in Sales Tax Rule R865-19S-83 by either the Air Quality Board or the Water Quality Board. I further certify that each item of tangible personal property purchased under this exemption is qualifying machinery or equipment for this purpose.

☐ **RELIGIOUS OR CHARITABLE INSTITUTION**

Sales Tax Exemption No. \_\_\_\_\_

I certify that the tangible personal property or services purchased will be used or consumed for essential religious or charitable purposes. **This exemption can only be used on purchases totaling \$1,000 or more, unless the sale is pursuant to a contract between the vendor and purchaser. CAUTION:** The normal charitable and religious exemption does not apply to purchases of Olympic merchandise unless the exempt entity is purchasing Olympic merchandise for resale. I certify that any Olympic merchandise purchased under this exemption will be resold and that I have obtained a Utah sales and use tax account number for this purpose.

☐ **SKI RESORT EXEMPTION**

Sales Tax License No. \_\_\_\_\_

I certify that the snowmaking equipment, ski slope grooming equipment or passenger ropeways purchased are to be paid directly with funds from the ski resort noted on the front page of this form. Failure to report these purchases on the informational lines of the ski resort's sales and use tax return may subject the ski resort to a penalty equal to the lesser of \$1000 or 10% of the sales and use tax that would have been imposed if the exemption had not applied.

☐ **TOURISM/MOTOR VEHICLE RENTAL TAX EXEMPTION**

I certify that the motor vehicle being leased or rented will be temporarily used to replace a motor vehicle that is being repaired pursuant to a repair or an insurance agreement; that the lease will exceed 30 days; that the motor vehicle being leased or rented is registered for a gross laden weight of 12,001 pounds or more; or, that the motor vehicle is being rented or leased as a personal household goods moving van. This exemption applies only to the tourism tax (up to 7 percent) and the short-term motor vehicle rental tax (Transportation Corridor Funding – 2.5 percent) – not to the state, local, transit, zoo, hospital, highways, county option or resort sales tax.

☐ **UNITED STATES GOVERNMENTAL OR NATIVE AMERICAN TRIBAL EXEMPTION**

I certify that the tangible personal property or services purchased are to be paid directly with funds from the entity noted on the front page of this form and will be used in the exercise of essential governmental or tribal functions. **"Directly" does not include per diem, entity advances, or similar indirect payments.**

☒ **UTAH STATE AND LOCAL GOVERNMENTS AND PUBLIC ELEMENTARY AND SECONDARY SCHOOLS**

Sales Tax License No. E85391

I certify that the tangible personal property or services purchased are to be paid directly with funds from the entity noted on the front page of this form and will be used in the exercise of that entity's essential functions. If the purchaser noted on the front page of this form is a Utah state or local government, I certify that these construction materials will be installed or converted into real property by employees of this government entity. If the purchaser noted on the front page of this form is a public elementary or secondary school, I certify that these construction materials will be installed or converted into real property owned by this school. **"Directly" does not include per diem, entity advances, or similar indirect payments. CAUTION:** This exemption does not apply to government or educational entities of any other states.

To be valid this certificate must be filled in completely, including a check mark in the proper box.  
Please sign, date and, if applicable, include your license or exemption number.

**NOTE TO VENDOR** – Keep this certificate on file since it must be available for audit review.

**NOTE TO PURCHASER** – Keep a copy of this certificate for your records. You are responsible to notify the vendor of cancellation, modification, or limitation of the exemption you have claimed.

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or TDD (801) 297-3819. Please allow three working days for a response.

**DO NOT SEND THIS CERTIFICATE TO THE TAX COMMISSION**  
**Keep it with your records in case of an audit.**





# Ruby River

## Steakhouse

### BANQUET SERVICES

#### BANQUET RATES

There will be a \$100.00 deposit fee, and a \$25.00/per room set up fee for each scheduled banquet. \*\*If the banquet is less than 30 people, an additional \$100.00 per room charge may apply.

**A final count is required 48 hours in advance. Gratuity and tax are not included in the prices below. Prices are per person.**

#### LUNCH ENTREES

Lunch entrees served with a tossed garden salad, battered fries and fruit punch.

**Please choose one or two of the following items:**

BBQ Beef Sandwich	8.99	Fresh Salmon	11.99
Raspberry Chicken	8.99	High Noon Steak*	11.99
Smothered Chicken	8.99	1/3 Rack BBQ Ribs	11.99
Peppered Salmon	11.99	Prime Rib Sandwich*	11.99

#### DINNER ENTREES

Dinner entrees served with a choice of Caesar or tossed garden salad, campfire sourdough bread, fruit punch or lemonade, and a choice of the following: our famous jacketed baked potato, jacketed cinnamon yarn or battered fries.

**Please choose one or two of the following entrees and one choice of sides:**

Raspberry Chicken	14.99	Peppered Salmon	18.99
Half BBQ Chicken	14.99	Filet Mignon* (9 oz.)	19.99
BBQ Ribs (half rack)	14.99	New York* (12 oz.)	19.99
Smothered Chicken	14.99	Prime Rib* (12 oz.)	19.99
Fresh Salmon	18.49		

#### COMPLETE MEAL PACKAGE

4.99

The complete meal option is available as an *addition to the regular menu item price*. It includes a sampler platter and your choice of desserts.

Sampler Includes:

Ruby River Browning Onion  
Bill Cody Chicken Wings  
Ruby Poppers  
Bronc Buster's Bread

Dessert Choices:

Old Fashioned Cheese Cake  
Reese's Peanut Butter Cup Pie

#### BREAK ITEMS

Continental Breakfast (includes coffee, tea, juice and fruit tray)	5.99
add assorted pastries, muffins, bagels	1.99
Soda & Cookie/Brownie	3.99
Ice Cream	2.49
Soda	1.99
Dessert Only	2.99

\*All banquet steaks are cooked to medium.

\*\* See store for details.



## Ruby River Event Agreement

THIS EVENT AGREEMENT is entered into between Sizzling Platter, Incorporated, doing business as the "RUBY RIVER STEAKHOUSE", ["RUBY RIVER"] and

Sonya White ["Customer"]  
The date of this Catering Agreement is 04/18/2006.

(1) The Customer desires to plan and produce an "EVENT" with food and beverage service catered by RUBY RIVER. As described below, RUBY RIVER will provide a specific place setting, service of food, beverage and clean up. It is understood that RUBY RIVER will not provide any equipment, service or meals except as expressly provided by this Catering Agreement.

(2) The customer understands that all RUBY RIVER catered meals are cooked to RUBY RIVER standards. The success of the EVENT and the delivery of a complete and quality dining experience depends upon careful planning and coordination between the Customer and RUBY RIVER. It is the Customer's primary responsibility to plan and direct the EVENT for the Customer's individual goals and objectives. The EVENT shall be organized and controlled by the Customer.

(3) A 15% gratuity and a 7.125% Utah State sales tax will be added to all prices. A \$25 room set up fee will be added to each scheduled banquet. A travel fee will be added to each scheduled caterout.

(4) Space is not contractually obligated until a signed contract with a credit card and a non-refundable deposit is received by Ruby River. Ruby River will not accept any conflicting catering agreements. If a contract and deposit are not received by the specified due date, space will be released without notification.

(5) Menu selections are required ten (10) days prior to the event date. A guaranteed number of guests attending your function is required two (2) business days prior to the event date. Guarantees for Monday and Tuesday events must be confirmed on the proceeding Friday by 2pm. You will be charged for the guarantee or the number served whichever is greater. Final payment is due in full the day of the event.

(6) The Customer understands that upon signing this Catering Agreement, RUBY RIVER will immediately begin to incur costs in preparing for the EVENT. RUBY RIVER will schedule servers and place orders for perishable food products. RUBY RIVER may also place deposits for rental equipment. Therefore, both the Customer and RUBY RIVER recognize that time and scheduling are critical to this Agreement. Accordingly the Customer may cancel this Agreement by providing RUBY RIVER with written cancellation notice which must be received no later than 5:00 P.M. ten (ten) days prior the date of the EVENT. If the EVENT is subsequently canceled for weather or any other reason whatsoever the deposit shall be deemed earned and may be retained by RUBY RIVER as stipulated costs.

(7) If alcoholic beverages are served, the Customer agrees to hold RUBY RIVER harmless from any claims or responsibility whatsoever arising out of the Customer's decision to provide alcoholic beverages.

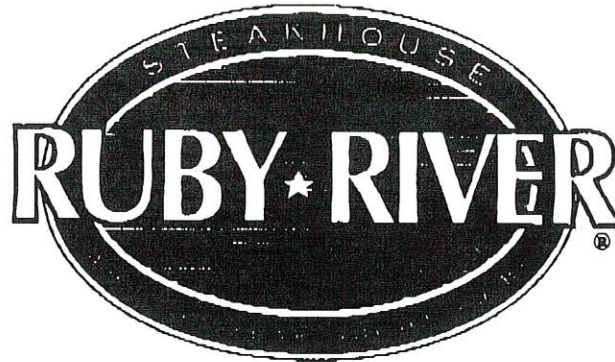
(8) The Customer will maintain adequate liability insurance to protect against any liability which may arise from the EVENT. The Customer agrees to include RUBY RIVER as a co-insured and to hold RUBY RIVER harmless from any liability or claim arising from the EVENT.

(9) RUBY RIVER is a registered trademark of Sizzling Platter, Inc. The unauthorized use of the trademark "RUBY RIVER" is expressly prohibited without RUBY RIVER's prior written approval.

(10) In the event the Customer defaults in any payment required by this Catering Agreement then the Customer agrees to pay all costs of collection including reasonable attorney's fees, court costs and interest on any unpaid balance at the rate of fourteen percent (14%) per annum.

(11) This Catering Agreement is the only agreement between the Customer and RUBY RIVER. There are no terms, conditions or representations binding upon either party except as specifically set forth in this Catering Agreement.





1454 S. UNIVERSITY AVE. PROVO, UT 84601  
(801)371-0648 fax(801)371-0656

SEND TO:	Sonya white	FROM:	Richard
COMPANY:		DATE:	3/21/06
FAX NO:	1(801) 568-0495	TELEPHONE NO:	1(801) 565-8500
<input type="checkbox"/> urgent	<input checked="" type="checkbox"/> reply	<input checked="" type="checkbox"/> please review	<input type="checkbox"/> FYI <input type="checkbox"/> return
Total pages <u>4</u> including cover page			
Comments:			

Richard  
371-0648  
Hollow Square  
30 min. meal to waive  
\$100 rm fee.

Nicole  
La Quinta  
374-9750



